

EXHIBIT 1

D.C. CHARTERED HEALTH PLAN, INC.
IN RECEIVERSHIP
(A WHOLLY OWNED SUBSIDIARY OF D.C. HEALTHCARE
SYSTEMS, INC.)

STATUTORY FINANCIAL STATEMENTS

DECEMBER 31, 2012

(WITH INDEPENDENT AUDITOR'S
REPORT THEREON)

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Independent Auditor's Report

Commissioner as Rehabilitator
D.C. Chartered Health Plan, Inc. in Receivership
Washington, D.C.

Report on the Statutory Financial Statements

We have audited the accompanying statutory financial statements of D.C. Chartered Health Plan, Inc. in Receivership ("Chartered"), a wholly owned subsidiary of D.C. Healthcare Systems, Inc. ("DCHSI"), which comprise the balance sheets as of December 31, 2012 and 2011, and the related statutory statements of operations, capital and surplus, and cash flows for the years then ended, and the related notes to the statutory financial statements.

Management's Responsibility for the Statutory Financial Statements

As described more fully in Note 2 to the statutory financial statements, management and the Commissioner as Rehabilitator are responsible for the preparation and fair presentation of these statutory financial statements in accordance with accounting practices prescribed or permitted by the Department of Insurance, Securities and Banking of the District of Columbia (the "DISB"), which practices differ materially from accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these statutory financial statements based on our audits. Except as discussed below, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statutory financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statutory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statutory financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Chartered's preparation and fair presentation of the statutory financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chartered's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statutory financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

We were unable to obtain a discussion or evaluation from Chartered's outside legal counsel of pending or threatened litigation described in Note 8(b). We were unable to obtain sufficient appropriate audit evidence by performing other auditing procedures.

Because of inadequacies in Chartered's accounting records and the inability to support certain transactions with related parties and other account balances, we were unable to rely on the amounts recorded in the Statutory Statement of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2010.

As discussed in Note 5 to the statutory financial statements, Chartered recognized a change in accounting principle to account for Chartered's contract with the Department of Health Care Finance for the District of Columbia as a retrospectively rated contract. Management has recorded a retrospective premium receivable as of December 31, 2012 and 2011, based on their best estimate of collectability. This claim is currently under appeal with the Contract Appeals Board of the District of Columbia. The actual amount ultimately received could vary significantly from the recorded \$32 million amount as of December 31, 2012. Additionally, Chartered recognized the change in accounting principle as of December 31, 2011, and failed to account for this change in accounting principle retrospectively.

As discussed in Note 8(c) to the statutory financial statements, Chartered has pledged \$13,789,651, of investments as of December 31, 2012, as collateral to satisfy a long-term bank loan agreement for its Parent company. It is our understanding that subsequent to year end the pledged assets were claimed by the lender as further discussed in Note 19.

It is our understanding that DCHSI has not filed consolidated Federal Income Tax returns that include Chartered for any periods subsequent to April 30, 2010, DCHSI's fiscal year end.

Because of the significance of the matters discussed in the preceding paragraphs, the scope of our work was not sufficient to enable us to express, an unqualified opinion on the financial position, results of operations, changes in capital and surplus and cash flows for the years ended December 31, 2012 and 2011.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary regarding all of the above matters, the statutory financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Chartered as of December 31, 2012 and 2011, and the results of operations and its cash flows for the years then ended on the basis of accounting described in Note 2.

Emphasis-of-matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Chartered will continue as a going concern. As discussed in Note 1 to the statutory financial statements, on October 19, 2012, Chartered was placed into Rehabilitation by the Superior Court for the District of Columbia and subsequent to year end substantially all of the entities operations were sold in an Asset Purchase Agreement. This condition raises substantial doubt about Chartered's ability to continue as a going concern. The statutory financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. As described in Note 2 to the financial statements, the financial statements are prepared in conformity with the accounting practices prescribed or permitted by the DISB, which is a basis of accounting other than the accounting principles generally accepted in the United States of America, to meet the requirements of the DISB. Our opinion is not modified with respect to this matter.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the statutory financial statements taken as a whole. The accompanying Supplemental Summary Investment Schedule and Investment Risk Interrogatories (collectively referred to as "Supplemental Schedules") of Chartered as of December 31, 2012 are presented for purpose of additional analysis and are not a required part of the statutory financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statutory financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory financial statements or to the statutory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the statutory financial statements as a whole.

Restriction on Use

This report is intended solely for the information and use of the Commissioner as Rehabilitator and management of D.C. Chartered Health Plan, Inc. in Receivership and for filing with the Department of Insurance, Securities and Banking of the District of Columbia and should not be used for any other purpose.

Brown Smith Wallace, L.L.C.

St. Louis, Missouri
May 29, 2013

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus

December 31, 2012 and 2011

(See Independent Auditor's Report)

	2012	2011
ADMITTED ASSETS		
Cash and Invested Assets		
Bonds, at cost which approximates fair value	\$ 13,479,363	\$ 15,025,957
Cash, cash equivalents and short-term investments	4,821,623	16,975,318
Total Cash and Invested Assets (See Note 19)	18,300,986	32,001,275
Accrued investment income	136,849	122,683
Uncollected premiums	5,164,863	5,299,409
Accrued retrospective premiums (See Note 5 regarding collectibility)	32,000,000	20,000,000
Reinsurance recoverable	351,586	277,703
Health care receivables	-	143,721
TOTAL ADMITTED ASSETS	\$ 55,954,284	\$ 57,844,791
LIABILITIES AND CAPITAL AND SURPLUS		
Current Liabilities		
Claims unpaid	\$ 47,889,416	\$ 43,000,000
Unpaid claims adjustment expenses	1,275,722	1,275,722
Premium deficiency reserve	5,000,000	-
Other liabilities and accrued expenses	11,546,313	7,619,624
Total Current Liabilities	65,711,451	51,895,346
Capital and Surplus		
Class A common stock - \$0.10 par value, 1,000 shares authorized, issued and outstanding	100	100
Gross paid-in and contributed surplus	4,690,419	4,690,419
Unassigned surplus (deficit)	(14,447,686)	1,258,926
Total Capital and Surplus (Deficit)	(9,757,167)	5,949,445
TOTAL LIABILITIES AND CAPITAL AND SURPLUS	\$ 55,954,284	\$ 57,844,791

The accompanying notes are an integral part of these statutory financial statements.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Statements of Operations

Years ended December 31, 2012 and 2011

(See Independent Auditor's Report)

	2012	2011
UNDERWRITING INCOME		
Net premium income	<u>\$ 398,256,303</u>	<u>\$ 383,743,178</u>
Total Underwriting Income	398,256,303	383,743,178
UNDERWRITING EXPENSES		
Claims incurred, net of reinsurance	359,550,135	346,596,401
Claims adjustment expenses	13,369,721	12,344,020
General administrative expenses	34,321,277	26,915,784
Total Underwriting Expenses	<u>407,241,133</u>	<u>385,856,205</u>
Net Underwriting Loss	(8,984,830)	(2,113,027)
Premium deficiency expense	(5,000,000)	-
Net investment income	268,434	271,136
Realized loss on notes receivable	(188,599)	-
Allowance on accrued retrospective premiums	(6,000,000)	(10,000,000)
Related party bad debt expense	(8,427)	(3,855,522)
Other income (expenses)	<u>(250,333)</u>	<u>6,343,198</u>
Net loss before federal taxes	(20,163,755)	(9,354,215)
Federal income tax expense	<u>-</u>	<u>-</u>
NET LOSS	<u>\$ (20,163,755)</u>	<u>\$ (9,354,215)</u>

The accompanying notes are an integral part of these statutory financial statements.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Statements of Capital and Surplus

Years ended December 31, 2012 and 2011

(See Independent Auditor's Report)

	Common Stock	Additional Paid in Surplus	Unassigned Surplus (Deficit)	Total
Balance at December 31, 2010	\$ 100	\$ 4,690,419	\$ 12,754,128	\$ 17,444,647
Net loss	-	-	(9,354,215)	(9,354,215)
Deferred income tax	-	-	(3,319,807)	(3,319,807)
Change in nonadmitted assets	-	-	1,611,527	1,611,527
Prior period adjustment	-	-	(432,707)	(432,707)
Balance at December 31, 2011	100	4,690,419	1,258,926	5,949,445
Net loss	-	-	(20,163,755)	(20,163,755)
Change in nonadmitted assets	-	-	4,457,143	4,457,143
Balance at December 31, 2012	<u>\$ 100</u>	<u>\$ 4,690,419</u>	<u>\$ (14,447,686)</u>	<u>\$ (9,757,167)</u>

The accompanying notes are an integral part of these statutory financial statements.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Statements of Cash Flows

Years ended December 31, 2012 and 2011

(See Independent Auditor's Report)

	2012	2011
Cash flows from operating activities:		
Premiums collected, net of reinsurance	\$ 391,422,122	\$ 366,272,113
Benefit payments	(357,310,956)	(333,628,360)
General and administrative expenses paid	(49,992,662)	(45,030,386)
Net investment income	254,270	303,881
Federal income taxes	-	3,368,587
Net cash used in operating activities	(15,627,226)	(8,714,165)
Cash flows from investing activities:		
Proceeds from investments	5,202,544	4,201,743
Costs of investments acquired	(3,642,667)	(7,049,630)
Net cash provided by (used in) investing activities	1,559,877	(2,847,887)
Cash flows from financing activities:		
Other cash provided (used), net	1,913,654	(267,912)
Net cash provided by (used in) financing activities	1,913,654	(267,912)
NET DECREASE IN CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	(12,153,695)	(11,829,964)
Cash, cash equivalents and short-term investments beginning of year	16,975,318	28,805,282
Cash, cash equivalents and short-term investments end of year	\$ 4,821,623	\$ 16,975,318

The accompanying notes are an integral part of these statutory financial statements.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership (A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Financial Statements

December 31, 2012

(See Independent Auditor's Report)

(1) Description of Business

D.C. Chartered Health Plan, Inc. in Receivership ("Chartered") is a Medicaid Health Maintenance Organization ("HMO") and was established on December 31, 1986 under the laws of the District of Columbia (the "District"). Chartered's primary purpose was to provide healthcare within a managed care framework to residents of the District through contracts with the District's Department of Health Care Finance (the "DHCF"). Such contracts required Chartered to provide health care services to the residents of the District who qualified under the Medicaid or Alliance programs operated by the District. Alliance enrollees are those residents not eligible for the federally-funded Medicaid program, but whose incomes fall below 200% of the federally-determined poverty level. At the end of 2012, Chartered served approximately 102,000 members enrolled in the Medicaid program and approximately 8,000 members enrolled in the Alliance program. Substantially all of Chartered's revenue in 2012 and 2011 was earned from its Medicaid and Alliance contract with the DHCF.

Medicaid and Alliance program participants in the District are required to enroll in an approved managed care plan. At the end of 2012, Chartered was one of three such plans operating in the District under contracts with the DHCF. Participants who do not voluntarily select a managed care plan are assigned to a default plan by the DHCF. Chartered entered into its current contracts with the DHCF in 2008. The current contract extends through April 30, 2013. Chartered elected to not bid on the DHCF's request for proposals for new contracts that would take effect after April 30, 2013. As a consequence, Chartered will cease participation in the DHCF's Medicaid and Alliance programs on that date.

Chartered is owned by D.C. Healthcare Systems, Inc. ("DCHSI"). DCHSI purchased Chartered out of a bankruptcy trusteeship on May 17, 2000. DCHSI financed the purchase through a \$3.5 million bank loan at a floating prime rate of interest. Payments of principal and interest on the loan were scheduled to continue monthly through September 12, 2011. The loan, however, remained in place beyond that date and showed an outstanding principal balance of \$425,863 at December 31, 2011. Chartered and the owner of DCHSI are guarantors on the loan. This loan is collateralized by a certificate of deposit from DCHSI that will be held for the entire term of the loan. The balance of the certificate of deposit held by DCHSI, including accrued interest, was \$486,223 at December 31, 2011. Additionally, Chartered granted the lender a first security interest in certain collateral held by Chartered; however, in the event the lender exercises its rights under the guaranty, the owner of DCHSI has agreed in writing to irrevocably and unconditionally hold Chartered harmless and indemnify Chartered for any monies that Chartered may be obligated to pay under the guaranty. Although, statutory accounting pronouncements require that Chartered record a liability for the amount of the guarantee at December 31, 2011, management determined not to record such a liability as the underlying loan was paid off on February 2, 2012.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership (A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Financial Statements - Continued

December 31, 2012

(See Independent Auditor's Report)

(1) Description of Business (Continued)

On October 19, 2012, Chartered was placed into court-supervised rehabilitation with the consent of Chartered's Board of Directors and its owner. The Commissioner of the Department of Insurance, Securities and Banking of the District of Columbia (the "DISB") was appointed Rehabilitator. As discussed further in Note 19, Chartered entered into an Asset Purchase Agreement on February 8, 2013 with AmeriHealth District of Columbia, Inc. for the sale of substantially all of Chartered's operating assets and agreements.

(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices

(a) Basis of Presentation

The accompanying statutory financial statements of Chartered have been prepared on the statutory basis of accounting, in accordance with the accounting practices adopted by the National Association of Insurance Commissioners ("NAIC") codification project ("Codification") as prescribed or permitted by the DISB. The Codification was adopted by DISB without significant modification. The DISB has determined that certain of Chartered's pledged investments should be classified as admitted assets, and are included in bonds, pledged in the accompanying Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus, see Note 8(c). Chartered has no other material statutory accounting practices that differ from those of the DISB or the Codification.

These statutory financial statements differ materially from financial statements prepared in accordance with principles generally accepted in the United States of America ("GAAP").

The principal differences are:

- a) Under GAAP, the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns is required. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Such adjustments are recorded in unassigned surplus for statutory purposes.
- b) Certain assets such as uncollected premiums and other receivables over 90 days past due, prepaid expenses, provider advances, provider overpayments, pharmacy rebate receivable, leasehold improvements, certain furniture and equipment, computer software, and amounts due from affiliates are designated as non-admitted for statutory accounting purposes if they fail to meet certain tests and are excluded from the Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus by a direct charge to capital and surplus. For GAAP, these amounts are carried as assets, net of a valuation allowance, if necessary.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Financial Statements - Continued

December 31, 2012

(See Independent Auditor's Report)

(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices
(Continued)

(a) Basis of Presentation (Continued)

- c) Intangible assets, including goodwill, are non-admitted and, therefore, are not reflected in Chartered's Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus.
- d) Cash, cash equivalents and short-term investments in the Statutory Statements of Cash Flows represent cash balances and investments with original maturities of one year or less. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with original maturities of three months or less. Also, the Statutory Statements of Cash Flows do not include classifications consistent with GAAP and a reconciliation of net income to net cash provided by operating activities is not provided.

(b) Bonds

Bonds are comprised of certificates of deposits with original maturities greater than one year. The certificates are held by financial institutions and are carried at cost, which approximates fair value. Bonds totaled \$13,479,363 and \$15,025,957 as of December 31, 2012 and 2011, respectively.

(c) Cash, Cash Equivalents and Short-term Investments

Cash, cash equivalents and short-term investments generally are comprised of cash, money market accounts and certificates of deposits with original maturities of twelve months or less at the date of purchase. The certificates are held by financial institutions and are carried at cost, which approximates fair value. Cash, cash equivalents and short-term investments were \$4,821,623 and \$16,975,318 as of December 31, 2012 and 2011, respectively.

(d) Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over a period not to exceed three years. Equipment under capital leases is stated at the present value of minimum lease payments and is amortized using the straight-line method over the term of the lease.

(e) Premium Revenue

Chartered recognizes premiums received for members enrolled in the Medicaid and Alliance programs as revenue in the period to which health care coverage relates. Member premiums are paid on a fixed monthly fee per capita basis. During 2011, DHCF withheld one percent of Chartered's premium revenue which is payable under the DHCF's incentive program if certain criteria are met by Chartered during the contract period. During 2012 DHCF did not withhold one percent of premium revenues. In 2012 and 2011, \$0 and \$5,488,000, respectively, was withheld from Chartered. Chartered recorded no premium revenue or receivable for the expected to be received in accordance with the DHCF's incentive program.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Financial Statements - Continued

December 31, 2012

(See Independent Auditor's Report)

(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices
(Continued)

(f) Health Care Costs and Unpaid Claims Adjustment Expenses

Chartered has entered into hospital service contracts to provide the necessary inpatient and outpatient hospital services to its enrollees. Under the contracts, Chartered pays the participating hospitals at the fee-for-service rates in effect at the time the services were provided to its enrollees. Chartered has also entered into several agreements with network physicians and suppliers to provide medical services and supplies to Chartered's enrollees at agreed-upon fee-for-service rates or at fixed fees per member per month ("capitation").

Monthly capitation payments to primary care physicians and other health care providers are expensed as paid. Health care costs and health care costs payable include amounts for known services rendered and an estimate of incurred but not reported services rendered by hospitals, physicians, and other health care providers. The estimated incurred but not reported health care costs payable have been actuarially determined based on relevant industry data and Chartered's historical trends. Management believes that the methodologies employed to estimate the health care costs payable are reasonable and that the amount accrued is appropriate.

As part of the process to estimate the cost of all claims reported but unpaid and claims incurred but not reported, Chartered accrued \$1,275,722 at December 31, 2012 and 2011, as an estimate of the expense to settle these claims.

(g) Income Taxes

In accordance with the tax allocation agreement with DCHSI, Chartered is included in a consolidated federal and state income tax return with DCHSI, using an April 30 fiscal year-end. Deferred tax assets, deferred tax liabilities, and income tax expense or benefit associated with Chartered have been provided for on a separate company basis. In addition, Chartered determines its deferred income taxes on a separate company basis and remits its estimated tax payment to DCHSI. DCHSI, including Chartered, has filed federal income tax returns through April 30, 2010. It is management's understanding that tax returns for fiscal years ended April 30, 2011 and 2012 have not been filed with the Internal Revenue Service, as of the date of this report. Tax years that remain open are 2009, 2010, 2011 and 2012.

Income taxes are accounted for under the asset and liability method. Deferred tax assets ("DTAs") and liabilities ("DTLs") are recognized for the future tax consequences attributable to differences between the statutory financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. DTAs and DTLs are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on DTAs and DTLs from a change in tax rates is recognized in the period that includes the enactment date.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Financial Statements - Continued

December 31, 2012

(See Independent Auditor's Report)

(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices
(Continued)

(g) Income Taxes (Continued)

The Company has adopted SSAP No. 101 - *Income Taxes*, which became effective January 1, 2012. Under SSAP No. 101, Chartered was required to recalculate its admitted net deferred tax asset as of January 1, 2012. The impact of adoption of SSAP No. 101 resulted in no change to total admitted assets and surplus as of January 1, 2012.

(h) Premium Deficiency Reserve

Premium deficiency reserves and the related expense are recognized when it is probable that expected future health care and maintenance costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries over the remaining lives of the contracts. The methods for making such estimates and for establishing the resulting reserves are continually reviewed and updated, and any adjustments resulting therefrom are reflected in current operations. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. Because Chartered's managed care contract with the DHCF terminated on April 30, 2013, Chartered will enter a wind-down phase beginning May 1, 2013. As a result, management has projected its revenues and expense for 2013 and determined that Chartered is likely to incur a substantial financial loss. Therefore, in consultation with the Company's outside actuaries, Chartered has determined that it is appropriate under statutory accounting principles to establish a premium deficiency reserve at December 31, 2012 in the amount of \$5 million.

(i) Use of Estimates

Management of Chartered has made a number of estimates and assumptions relating to the reporting of admitted assets and liabilities and the disclosure of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenues and expenses during the reporting period to prepare these statutory financial statements in conformity with statutory accounting principles. Actual results could differ from those estimates.

(3) Investments

(a) Bonds

The cost, which approximates fair value, of bonds, comprised solely of certificates of deposit, at December 31, 2012 and 2011 by contractual maturity are shown below.

	<u>2012</u>	<u>2011</u>
Maturing in one year or less	\$ 6,692,363	\$ 4,689,260
Maturing after one year through five years	<u>6,787,000</u>	<u>10,336,697</u>
	<u>\$ 13,479,363</u>	<u>\$ 15,025,957</u>

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Financial Statements - Continued

December 31, 2012

(See Independent Auditor's Report)

(3) Investments (Continued)

(b) Net Investment Income

The following table reflects net investment income by type of investment:

	<u>2012</u>	<u>2011</u>
Bonds	\$239,647	\$164,844
Cash and cash equivalents	70,770	188,536
Other	<u>(863)</u>	<u>13,809</u>
Gross investment income	309,554	367,189
Less: investment expenses	<u>41,120</u>	<u>96,053</u>
	<u>\$268,434</u>	<u>\$271,136</u>

(c) Regulatory Deposits

At December 31, 2012 and 2011, investments with a carrying value of \$317,000, were on deposit with the DISB.

(4) Property and Equipment

At December 31, 2012 and 2011, Chartered's property and equipment was non-admitted based upon the requirements of SSAP No. 16R.

Depreciation and amortization expense related to property and equipment and software, including non-admitted assets, was \$469,395 and \$442,849 for the years ended December 31, 2012 and 2011.

(5) Retrospective Premiums – Change in Accounting Principle

During 2012, management determined that contracts in force with the DHCF are retrospectively rated contracts in accordance with SSAP No. 66 – *Retrospectively Rated Contracts*. This represents a change in accounting principle which management determined to apply as of December 31, 2011. This represents an exception to statutory accounting principles, as the change in accounting principle should have been applied retroactively, beginning at the date at which the retrospective premium accrual should have commenced. This would have required the Accrued Retrospective Premium Receivable at December 31, 2011 to be allocated between the last five months of 2010 and the entire year of 2011. Because the amount allocable to 2010 was estimated to be relatively small in comparison to the total Retrospective Premium, management elected to not allocate a portion of the Retrospective Premium to 2010 and, consequently, did not restate Chartered's 2010 statutory financial statements.

As of December 31, 2011, Chartered recorded an Accrued Retrospective Premium Receivable net amount of \$20 million for the period of August 2010 – December 31, 2011 related to the Medicaid contract, after consideration of a \$10 million allowance as reflected in the accompanying Statutory Statements of Operations, based on management's assessment of collectability. The gross retrospective premium represents 7.8% of premiums earned during 2011.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership (A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Financial Statements - Continued

December 31, 2012

(See Independent Auditor's Report)

(5) Retrospective Premiums – Change in Accounting Principle (Continued)

On April 10, 2012, Chartered filed a claim with the District's Contract Appeals Board of approximately \$25.8 million for pharmacy losses incurred from August 1, 2010 – April 30, 2012 under the Medicaid contract, following denial of the claim by the DHCF. Chartered had requested that the District review the contract's pharmacy rates and make a rate adjustment for the 2010 – 2011 contract year, based on management's assumption that current rates were actuarially unsound.

During 2012, Chartered revised this calculation based on a limited scope examination performed by the DISB. Chartered calculated the amount of retrospective premium by comparing premiums earned under the contract to total claims paid and certain additional expenses during the period from August 1, 2010 – April 30, 2012 based on data provided to Chartered as part of the annual rate setting process. Chartered also recorded an additional Accrued Retrospective Premium Receivable net amount of \$12 million for the period January 1, 2012 to April 30, 2012 related to its Medicaid contract, after consideration of an additional \$6 million allowance as reflected in the accompanying Statutory Statements of Operations, based upon management's assessment of collectability. The gross retrospective premium represents 4.5% of premiums earned during 2012. As of December 31, 2012, the total carrying value of the retrospective premium receivable was \$32 million, which is net of an allowance of \$16 million.

Amounts recorded represent management's estimate of the receivable considering all potential outcomes of this litigation pending before the District's Contract Appeals Board. Resolution of this claim and ultimate collectability of the receivable recorded as of December 31, 2012 could significantly differ from management's estimate.

(6) Risk-Based Capital

The NAIC developed the Managed Care Organization Risk-Based Capital Report and required all HMOs to complete the report beginning with the year ended December 31, 1998. Risk-based capital ("RBC") was developed as a method of measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. A company's RBC target is calculated by applying certain factors to various asset, premium and reserve items. Four action levels of RBC have been defined to set industry standards for regulatory intervention. The specific capital levels, in declining order are as follows: 1) Company Action Level (CAL), 2) Regulatory Action Level (RAL), 3) Authorized Control Level (ACL), and 4) Mandatory Control Level (MCL). Companies at the Company Action Level must submit a comprehensive financial plan to the insurance commissioner of the state of domicile. Companies at the Regulatory Action Level are subject to a mandatory examination or analysis by the commissioner and possibly required corrective actions. At the Authorized Control Level, a company is subject to, among other things, the commissioner placing it under regulatory control. At the Mandatory Control Level, the insurance commissioner is required to place a company under regulatory control. All HMOs licensed in the District are subject to the RBC provisions. Chartered's RBC ratio was approximately (65)% and 42% as of December 31, 2012 and 2011, respectively, significantly below the Mandatory Control Level.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership **(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)**

Statutory Financial Statements - Continued

December 31, 2012

(See Independent Auditor's Report)

(6) Risk-Based Capital (Continued)

In May 2012, Chartered submitted a comprehensive financial plan with the DISB outlining its plan for curing its RBC deficiency. Chartered failed to increase its RBC ratio above the Mandatory Control Level and with the approval of Chartered's Board of Directors and its owner, on October 19, 2012 the DISB placed Chartered into court-supervised receivership.

(7) Minimum Net Worth and Regulatory and Contractual Requirements

As required by the District of Columbia's Health Maintenance Organization Act of 1996 (the "Act"), Chartered entered into a Health Maintenance Organization Custodial Agreement dated February 27, 1998. Chartered maintains a certificate of deposit of \$317,000 which is included in certificates of deposit, pledged on the accompanying Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus at December 31, 2012, for the sole benefit of Chartered's members in the event of Chartered's insolvency. Under the laws of the Act, Chartered is also required to maintain a minimum net worth equal to the greater of (1) \$1 million; (2) the sum of all uncovered health care expenditures for the latest three-month period ending December 31, March 31, June 30, or September 30; (3) 2% of its annual revenues; or (4) a prescribed percentage of annual health care expenditures. According to the Act, a HMO shall not be required to maintain a net worth in excess of \$4 million. At December 31, 2012 and 2011, Chartered's statutory net worth (deficit) was \$(9,757,167) and \$5,949,445, respectively. At December 31, 2012, Chartered was not in compliance with its minimum statutory net worth requirements.

Under the terms of its Medicaid contract with the DHCF, Chartered is also required to meet certain financial requirements. As such, Chartered is required to maintain a positive net worth, and insolvency reserves or deposits that equal or exceed the minimum requirements established by the Department as a condition for maintaining a certificate of authority to operate an HMO in the District. Chartered failed to meet the minimum net worth requirements as of December 31, 2012.

(8) Commitments and Contingencies

(a) Leases

Chartered is obligated under several non-cancelable leases for office space, office equipment and vehicles. Future amounts due under these leases are as follows:

2013	\$ 1,077,303
2014	579,887
2015	70,036
2016	70,036
2017	-

Total rent expense was \$1,346,233 and \$1,242,692 for the years ended December 31, 2012 and 2011, respectively.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
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Statutory Financial Statements - Continued

December 31, 2012

(See Independent Auditor's Report)

(8) Commitments and Contingencies (Continued)

(b) Litigation

Chartered is subject to claims and suits arising in the ordinary course of business. The ultimate resolution of pending and future legal proceedings is unknown and therefore may have a material effect on these statutory financial statements.

Litigation brought against DCHF by Chartered is discussed in Note 5.

On December 4, 2012, MedStar Health provided notice of contract terminations on behalf of Washington Hospital Center Corporation (WHC) and MedStar—Georgetown Medical Center, Inc. (GUH) effective January 4, 2013. Subsequently, MedStar filed a motion in the Superior Court for the District of Columbia seeking to prevent the Company from recouping amounts on patient claims which the Company asserts under the contracts. The motion was denied and the parties are arbitrating the matters in dispute. The Company has not calculated the financial impact of the arbitration as of the date of this report.

(c) Risk-Based Contract Dispute Settlement

In the third quarter of 2008, Chartered executed a co-guarantor agreement with DCHSI, wherein Chartered guaranteed a \$13,333,567 long term Bank Loan Payable (the "Loan"). Chartered, DCHSI, and Cardinal Bank, an operating unit of Cardinal Financial Corporation, (NASDAQ: CFNL) executed an agreement under which Chartered serves as a co-guarantor on the loan and to collateralize the loan with specific securities currently held by Chartered.

The Loan originated from the settlement and dispute resolution agreement for contractual disputes with the Office of the Attorney General for the District, which required DCHSI to pay \$13,333,567. DCHSI financed the settlement payment through a \$13,138,558 long term Bank Loan Payable. Payments of interest only on the outstanding principal balance are due monthly through November 12, 2012, thereafter payments of principle and interest will continue monthly through November 10, 2018, based on a 25 year amortization schedule. Interest is calculated at an annual fixed rate of 5.65% for the first five years, thereafter adjusting to a rate equal to the Federal Home Loan Bank five year rate plus 1.50%. Chartered and the owner of DCHSI are co-guarantors of the loan.

Pursuant to the Loan, Chartered is required to pledge investments in the amount of \$13,333,567 as collateral for the Loan. In the event that DCHSI defaults on or is not able to meet its obligations under the provisions of the Loan, the owner of DCHSI has executed an Indemnification Agreement to irrevocably and unconditionally hold Chartered harmless and indemnify Chartered for any monies that Chartered is or may be obligated to pay under the guaranty agreement and pledge and security agreement, including but not limited to any liquidation of the pledged collateral.

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Statutory Financial Statements - Continued

December 31, 2012

(See Independent Auditor's Report)

(8) Commitments and Contingencies (Continued)

(c) Risk-Based Contract Dispute Settlement (Continued)

Management concluded that the pledged investments are an admitted asset under SSAP No. 91R – *Accounting for Servicing of Financial Assets and Extinguishment of Liabilities*, paragraph No. 14 – *Secured Borrowings and Collateral*, and Interpretation 01-31 – *Assets Pledged as Collateral* (INT-01-31). Management communicated with DISB which determined that the pledged investments, referred to above, should be classified as admitted assets. Accordingly, \$13,789,651 and \$13,953,879 of pledged investments is included as certificates of deposit, pledged in the accompanying Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus at December 31, 2012 and 2011, respectively.

Effective April 12, 2012, Cardinal Bank, executed a Modification Agreement to a certain “Pledge, Assignment and Security Agreement” dated October 10, 2008. The Modification Agreement is between DCHSI, Jeffrey E. Thompson and Chartered, wherein on the effective date, the Lender, Cardinal Bank, “releases and discharges D.C. Chartered Health from its obligation under the Guaranty.”

The Modification Agreement releases Chartered as a guarantor on a loan between Cardinal Bank and DCHSI. As further discussed in Note 19, subsequent to December 31, 2012, it is management’s understanding that DCHSI defaulted on the loan and Cardinal Bank has taken the above mentioned pledged assets. The Modification Agreement did not affect assets Chartered has pledged related to DCHSI’s loan.

(d) Contingent Contributions

In addition to the Settlement Agreement, DCHSI, Chartered, and the owner of DCHSI entered into a Letter Agreement (the “Agreement”) with the District that requires DCHSI, Chartered, and the owner of DCHSI to make contributions to the District’s Department of Health Immunization Program and several other not-for-profit organizations, including the District’s Public Education Fund, of approximately \$1,050,000 each year for a period of five years beginning January 1, 2009. Under the Agreement, these contributions will be made subject to the following conditions being met: (1) the funds received by the various organizations from the previous year were used for the purposes outlined in the Agreement, (2) the submission of a report that demonstrates that the funds were expended in compliance with the Agreement, and (3) Chartered and DCHSI are able to maintain “normal operations” during that year. Therefore, if the District fails to use the funds provided as required, the District is unable to account for related expenditures, or either Chartered or DCHSI suffer adverse financial circumstances, the commitments become void or are subject to renegotiation. Management believes that there is more than a remote likelihood that the above mentioned conditions were not being met as of December 31, 2012 and 2011, and accordingly has not accrued a liability. Chartered will record the expense in the period in which the payments are made. Chartered did not record any contributions expense for the years ended December 31, 2012 and 2011.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
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Statutory Financial Statements - Continued

December 31, 2012

(See Independent Auditor's Report)

(8) Commitments and Contingencies (Continued)

(e) Employment Contracts

Chartered has entered into employment agreements with its key executives, establishing minimum compensation levels, performance requirements, severance and certain other benefits. The agreements were terminated at the request of the Rehabilitator and by order of the Superior Court of the District of Columbia effective with the closing of the Asset Purchase Agreement on April 30, 2013.

(9) Reinsurance Coverage

Chartered is financially responsible for the cost of each enrollee's medical services. Annual inpatient hospital services per enrollee were reinsured by a third-party insurance carrier as follows:

Effective Dates	Insured's Copayment
October 1, 2011 through September 30, 2012	\$300,000 plus 50% of paid services in excess of the \$300,000 deductible amount
October 1, 2012 through September 30, 2013	\$300,000 plus 50% of paid services in excess of the \$300,000 deductible amount

The insurance company provides coverage above these deductible amounts. The maximum reimbursement per enrollee is limited to \$2 million, in the aggregate, for contract years ending September 30, 2013 and 2012.

For the years ended December 31, 2012 and 2011, Chartered incurred reinsurance premium expense of \$914,378 and \$1,399,379, respectively, which is included as a reduction to premium revenue in the accompanying Statutory Statements of Operations. For the years ended December 31, 2012 and 2011, Chartered had reinsurance recoveries of \$619,220 and \$702,156, respectively, which are included as a reduction to health care costs in the accompanying Statutory Statements of Operations.

(10) Federal Income Taxes

The components of the net deferred tax asset in the accompanying Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus at December 31, 2012 and 2011 are as follows:

	Ordinary	2012 Capital	Total
Gross deferred tax assets	\$12,184,919	\$ -	\$12,184,919
Statutory valuation allowance adjustment	12,184,919	-	12,184,919
Adjusted gross deferred tax assets	-	-	-
Gross deferred tax liability	-	-	-
Net deferred tax assets	-	-	-
Non-admitted deferred tax assets	-	-	-
Net admitted adjusted deferred tax assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
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Statutory Financial Statements - Continued

December 31, 2012

(See Independent Auditor's Report)

(10) Federal Income Taxes (Continued)

Increase (decrease) in non-admitted deferred tax assets	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
	2011		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Gross deferred tax assets	\$6,695,441	\$ -	\$6,695,441
Statutory valuation allowance adjustment	<u>6,695,441</u>	<u>-</u>	<u>6,695,441</u>
Adjusted gross deferred tax assets	-	-	-
Gross deferred tax liability	<u>-</u>	<u>-</u>	<u>-</u>
Net deferred tax assets	-	-	-
Non-admitted deferred tax assets	<u>-</u>	<u>-</u>	<u>-</u>
Net admitted adjusted deferred tax assets	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Increase in (decrease) non-admitted deferred tax assets	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

The components of the admissibility calculation, by tax character, as of December 31, 2012 and 2011 are as follows:

Admission Calculation Components

	2012		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
(a) Federal income taxes paid in prior years recoverable through loss carry-backs	\$ -	\$ -	\$ -
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below:	<u>-</u>	<u>-</u>	<u>-</u>
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	\$ <u>-</u>
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
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Statutory Financial Statements - Continued

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(See Independent Auditor's Report)

(10) Federal Income Taxes (Continued)

(d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	<u>-</u> \$ <u>-</u>	<u>-</u> \$ <u>-</u>	<u>-</u> \$ <u>-</u>
	<u>Ordinary</u>	<u>2011 Capital</u>	<u>Total</u>
(a) Federal income taxes paid in prior years recoverable through loss carry-backs	\$ -	\$ -	\$ -
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below:	<u>-</u>	<u>-</u>	<u>-</u>
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	\$ <u>-</u>
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	<u>-</u> \$ <u>-</u>	<u>-</u> \$ <u>-</u>	<u>-</u> \$ <u>-</u>
	<u>2012</u>	<u>2011</u>	
(a) Ratio percentage used to determine recovery period and threshold limitation amount	(66)%	42%	
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ (9,757,167)	\$ 5,949,445	

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
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Statutory Financial Statements - Continued

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(See Independent Auditor's Report)

(10) Federal Income Taxes (Continued)

The components of the Company's provision for federal income taxes for the years ended December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Current year income tax	\$ -	\$ -
Tax on capital gains	-	-
Prior year tax over accrual	-	-
Federal income tax provision	<u>\$ -</u>	<u>\$ -</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax liability at December 31, 2012 and 2011 are as follows:

	<u>2012</u>	
	<u>Ordinary</u>	<u>Capital</u>
Deferred tax assets:		
Discounting of unpaid losses	\$ 318,723	\$ -
Premium deficiency reserve	1,750,000	-
Accrued expenses	58,757	-
Fixed Assets	906,149	-
Charitable contributions	211,814	-
Non-admitted assets	561,900	-
Net operating loss carry-forward	7,028,143	-
Tax credit carry-forward	-	-
Other	1,349,433	-
Subtotal	12,184,919	-
Statutory valuation allowance adjustment	12,184,919	-
Non-admitted	-	-
Admitted deferred tax assets	<u>\$ -</u>	<u>\$ -</u>
Deferred tax liability:		
Bond market discount	\$ -	\$ -
Depreciation	-	-
Unrealized gains	-	-
Deferred tax liability	-	-
Deferred tax assets, net	<u>\$ -</u>	<u>\$ -</u>

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Statutory Financial Statements - Continued

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(See Independent Auditor's Report)

(10) Federal Income Taxes (Continued)

	2011	
	Ordinary	Capital
Deferred tax assets:		
Discounting of unpaid losses	\$ 287,026	\$ -
Premium deficiency reserve	-	-
Accrued expenses	91,697	-
Fixed Assets	870,321	-
Charitable contributions	210,939	-
Non-admitted assets	2,121,899	-
Net operating loss carry-forward	1,764,126	-
Net capital carry-forward	-	-
Tax credit carry-forward	-	-
Other	1,349,433	-
Subtotal	6,695,441	-
Statutory valuation allowance adjustment	6,695,441	-
Non-admitted	-	-
Admitted deferred tax assets	\$ -	\$ -
Deferred tax liability:		
Bond market discount	\$ -	\$ -
Depreciation	-	-
Unrealized gains	-	-
Deferred tax liability	-	-
Deferred tax assets, net	\$ -	\$ -

The change in net deferred income taxes as reported in the accompanying Statutory Statements Capital and Surplus for the years ended December 31, 2012 and 2011 is as follows:

	2012	
	Ordinary	Capital
Adjusted deferred tax assets	\$ -	\$ -
Total deferred tax liabilities	-	-
Net deferred tax asset	\$ -	\$ -

	2011	
	Ordinary	Capital
Adjusted deferred tax assets	\$ -	\$ -
Total deferred tax liabilities	-	-
Net deferred tax asset	\$ -	\$ -

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Statutory Financial Statements - Continued

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(10) Federal Income Taxes (Continued)

	<u>Change</u>
Change in total deferred tax assets	\$ -
Change in total deferred tax liabilities	<u>-</u>
Change in net deferred tax asset	-
Change in tax effect of unrealized losses (gains)	<u>-</u>
Change in net deferred income tax	<u>\$ -</u>

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	<u>Amount</u>	<u>Tax Effect at 35%</u>	<u>Effective Tax Rate</u>
Income (loss) before taxes	\$(20,163,755)	\$(7,057,314)	35.00%
DRD deduction and tax-exempt interest, net	-	-	0.00%
AMT	-	-	0.00%
Prior year under accrual	-	-	0.00%
Change in non-admitted assets	4,457,143	1,560,000	(7.74%)
Meals and entertainment	21,719	7,602	(0.04%)
Change in valuation allowance	15,684,223	5,489,478	(27.22%)
Other	670	234	(0.00%)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>(0.00%)</u>
Federal income taxed incurred expense		\$ -	0.00%
Tax on capital gains		-	0.00%
Change in net deferred income tax charge		<u>-</u>	<u>(0.00%)</u>
Total statutory		<u>\$ -</u>	<u>(0.00%)</u>

At December 31, 2012, the Company had \$20.1 million of net operating loss carry-forwards. The following is the income tax expense for 2012 and 2011 that is available for recoupment in the event of future net losses:

2012	\$ -
2011	-

Chartered is included in a consolidated federal income tax return with DCHSI for the fiscal tax years through April 30, 2010. Chartered has a written agreement, approved by Chartered's Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity that is a party to the consolidation.

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(11) Health Care Costs Payable

A summary of the activity for health care costs payable is as follows:

Balance at January 1, 2012	\$ 43,000,000
Plus incurred related to:	
Current year	363,349,358
Prior years	<u>(3,799,223)</u>
Total incurred	<u>359,550,135</u>
Less paid related to:	
Current year	314,970,043
Prior years	<u>39,690,676</u>
Total paid	<u>354,660,719</u>
Balance at December 31, 2012	<u>\$ 47,889,416</u>
 Balance at January 1, 2011	 \$ 31,432,098
Plus incurred related to:	
Current year	341,924,875
Prior years	<u>4,671,525</u>
Total incurred	<u>346,596,400</u>
Less paid related to:	
Current year	301,351,842
Prior years	<u>33,676,656</u>
Total paid	<u>335,028,498</u>
Balance at December 31, 2011	<u>\$ 43,000,000</u>

Chartered uses actuarial techniques based on historical experience to estimate incurred claims. Amounts incurred related to prior years may vary from previously estimated liabilities as the claims are ultimately settled at amounts different than initially estimated. Liabilities at any year-end are continually reviewed and re-estimated as information regarding actual claims payments becomes known. This information is compared to the originally established year-end liability. Positive amounts reported for incurred related to prior years result from claims being settled for amounts greater than originally estimated. This experience is primarily attributable to actual medical cost experience being less favorable than that assumed at the time the liability was established. Chartered incurred other health care costs, which primarily consisted of capitation payments to providers of health care services for Chartered's members of \$15,410,041 and \$13,536,294 for the years ended December 31, 2012 and 2011.

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Statutory Financial Statements - Continued

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(12) Professional Liability Insurance

During 2012 and 2011, Chartered maintained a healthcare general liability insurance policy, which is written on a claims-made basis. The coverage limits for this policy are \$1 million per occurrence and \$3 million aggregate. Similarly, Chartered maintained a managed care liability insurance policy, which is also written on a claims-made basis. During 2011 and until March 2012, the coverage limits were \$1 million per claim and \$3 million aggregate. Coverage limits were increased in March 2012 to \$6 million per claim and \$8 million aggregate. These policies remained in full force and effect during 2012 and 2011 and have been renewed through March 2013.

Chartered also has purchased an umbrella liability insurance policy that provides an additional coverage limit of \$5 million per loss event. This policy has been renewed through March 2013.

In management's opinion, there are no pending or anticipated claims against Chartered for activities covered by the above-described liability insurance policies, which would have a material effect on the results of operations, cash flows, or financial position of Chartered.

(13) Related-Party Transactions

Chartered has entered into various services arrangements with certain related parties, including Chartered Family Health Center and DCHSI. Chartered has not been able to substantiate certain related-party transactions. Chartered has evaluated known related party receivables for collectability and has elected to charge them off to expense. For the years ended December 31, 2012 and 2011, Chartered recognized bad debt expense of \$8,427 and \$3,855,522, respectively, related to related-party balances which are reflected on the accompanying Statutory Statements of Operations.

(14) Defined Contribution 401(k) Plan

Chartered sponsors a 401(k) plan (the "Plan") for its employees. Employees are eligible to participate in the Plan if they are at least 21 years of age and have worked 90 days or longer at Chartered. Employees may contribute between 1% and 12% of eligible salary on a pre-tax basis. Chartered makes a discretionary matching contribution to the Plan of 12% of each employee's contribution amount. Chartered contributed \$30,388 and \$41,827 to the Plan for the years ended December 31, 2012 and 2011, respectively.

(15) Other Income/Expense

At December 31, 2011, Chartered included in other income \$7.5 million related to a September 9, 2011 signed order of judgment from the District's Contract Appeals Board. The settlement was related to a dispute over rates paid to Chartered for dental capitation. Chartered recorded \$1,460,582 of other expense related to a permanent impairment of goodwill that was non-admitted in prior periods.

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Statutory Financial Statements - Continued

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(16) Fair Value of Financial Instruments

Chartered's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by accounting standards prescribed or permitted by the DISB. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1), quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the investment (Level 2), and the lowest ranking to fair values determined by using methodologies and models with unobservable inputs (Level 3). Classification is based on the lowest level input that is significant to its measurement. Assets and liabilities recorded at fair value in the accompanying Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus are categorized based upon the level of judgment associated with the inputs used to measure their fair value. At December 31, 2012 and 2011, Chartered's bonds of \$13,479,363 and \$15,025,957, respectively, consisted entirely of Level 2 assets.

(17) Dividends Paid

There were no dividends approved or paid during the years ended December 31, 2012 and 2011.

(18) Concentrations

Chartered earns 100% of its premium revenue under contracts with the DHCF. The current contract expires on April 30, 2013 and Chartered has chosen not to submit a bid for the subsequent contract.

Chartered is limited in both insured's and medical care providers to those within the geographic boundaries of the District of Columbia with limited exceptions.

(19) Subsequent Events

Management has evaluated subsequent events through May 29, 2013, which is the date that these statutory financial statements were issued.

Type I – Recognized Subsequent Events

None

Type II – Nonrecognized Subsequent Events

The following subsequent events have occurred:

- On February 8, 2013, the Special Deputy Rehabilitator for Chartered entered into an Asset Purchase Agreement with AmeriHealth District of Columbia, Inc. for the sale of certain Chartered assets. The Asset Purchase Agreement was subject to the approval of the Superior Court for the District of Columbia.
- On February 21, 2013, the Special Deputy Rehabilitator for Chartered filed a revised claim with the District's Office of Contracting and Procurement in regard to the Retrospective Premium issue. The claim amount was increased from \$25,771,117 to \$51,287,369. The claim covers the period August 1, 2010 through April 30, 2012.

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(19) Subsequent Events (Continued)

- On February 21, 2013, the Special Deputy Rehabilitator for Chartered filed a claim with the District's Office of Contracting and Procurement in the amount of \$9,086,929 relative to Chartered's participation in the DHCF's Alliance program. The claim alleges that the DHCF failed to pay actuarially sound premium rates.
- On April 30, 2013, Chartered closed the transaction with AmeriHealth District of Columbia, Inc. contemplated by the February 8, 2013 Asset Purchase Agreement described above, including the transfer of its Medicaid and Alliance contracts with the DHCF. At the completion of this transition, Chartered has no significant operations and no employees.
- On May 17, 2013, Cardinal Bank declared the Loan described in Note 8(c) above to be in default. Cardinal Bank then liquidated the pledged collateral valued at \$14,007,294. The bank retained \$12,200,294 for outstanding principal, interest and fees on the Loan. Cardinal Bank then remitted the remaining balance to Chartered, after deducting \$150,000 for "anticipated legal fees." The remittance to Chartered was \$1,657,000.

(20) Reconciliation of Amounts Reported in the Annual Statement and Statutory Financial Statements

The below schedule summarizes the difference between Chartered's 2012 annual statement and the statutory financial statements presented herein. This difference relates to the non-admittance of fixed assets due to limitations under SSAP No. 16R.

	Annual Statement	Difference	Financial Statements
Assets:			
Total Admitted Assets	\$56,100,345	\$(146,061)	\$55,954,284
Capital and Surplus:			
Total Capital and Surplus	\$(9,611,106)	\$(146,061)	\$(9,757,167)

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Summary Investment Schedule

Year ended December 31, 2012

(See Independent Auditor's Report)

Investment holdings	Admitted assets as reported in the statutory financial statements	
	Amount	Percentage
Cash and cash equivalents:		
Cash and money market funds	\$ 4,821,623	26%
Bonds:		
Certificates of deposit	13,479,363 *	74%
Total invested assets	<u>\$ 18,300,986</u>	<u>100%</u>

* See Note 19, on May 17, 2013, Cardinal Bank liquidated \$12,200,294 of the Certificate of Deposit to pay off the Loan as described in Note 8(c).

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Schedule of Investment Risk Interrogatories

Year ended December 31, 2012

(See Independent Auditor's Report)

- (1) Total admitted assets: \$ 55,954,284
(2) 10 largest exposures to a single issuer/borrower/investment:

Investment category	Amount	Total admitted assets
Cardinal Bank	\$ 3,955,484	7.07%
Federated Investors Inc.	\$ 809,524	1.45%
Premier Bank	\$ 480,000	0.86%
Alliance Bernstein	\$ 250,000	0.45%
Ally Bank	\$ 250,000	0.45%
American Express Centurion	\$ 250,000	0.45%
Aurora Bank	\$ 250,000	0.45%
Bank BBVASM	\$ 250,000	0.45%
Bank of China	\$ 250,000	0.45%
Bloomfield State Bank	\$ 250,000	0.45%

- (3) Total admitted assets held in bonds, preferred stocks and money markets by NAIC rating:

Bonds	Amount	Percentage	Stocks	Amount	Percentage
NAIC-1	\$ 14,288,887	25.5%	P/RP-1	None	
NAIC-2			P/RP-2		
NAIC-3			P/RP-3		
NAIC-4			P/RP-4		
NAIC-5			P/RP-5		
NAIC-6			P/RP-6		

- (4) There were no admitted assets held in foreign investments and unhedged foreign currency exposure.
(5) - (11) There were no admitted assets held in Canadian investments, no unhedged Canadian currency exposure, nor any Canadian-currency-denominated investments, which support Canadian-denominated insurance liabilities.
(12) There were no admitted assets held in investments with contractual sales restrictions.
(13) There were no admitted assets held in equity interests.
(14) There were no privately placed equities.
(15) There were no admitted assets held in general partnership interests.
(16) - (17) There were no admitted assets held in mortgage loans.
(18) - (19) There were no assets held in real estate.
(20) There were no admitted assets subject to securities lending, reverse repurchase, dollar repurchase, or dollar reverse repurchase agreements.
(20.2) Repurchase agreements (Repurchase Sweep Account)
Balances:
Year-end \$ 10,225,639 18.3%
1st Qtr \$ 5,816,554
2nd Qtr \$ 143,984
3rd Qtr \$ 10,764,408
(21) There were no warrants.
(22) There was no potential exposure for collars, swaps, and forwards.
(23) There was no potential exposure for future contracts.

EXHIBIT 2

**QUARTERLY STATEMENT
OF THE
DC CHARTERED HEALTH PLAN, INC.**

**of
Washington
in the state of
District of Columbia**

**TO THE
Insurance Department
OF THE STATE OF
District of Columbia**

**FOR THE QUARTER ENDED
March 31, 2013**

2013



QUARTERLY STATEMENT
AS OF March 31, 2013
OF THE CONDITION AND AFFAIRS OF THE
DC CHARTERED HEALTH PLAN, INC.

NAIC Group Code	0000 (Current Period)	,	0000 (Prior Period)	NAIC Company Code	95748	Employer's ID Number	52-1492499
Organized under the Laws of	District of Columbia			State of Domicile or Port of Entry	District of Columbia		
Country of Domicile	United States of America						
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]		
Incorporated/Organized	09/12/1986			Commenced Business	09/12/1986		
Statutory Home Office	1120 Vermont Avenue NW (Street and Number)			Washington, DC, US 20005 (City or Town, State, Country and Zip Code)			
Main Administrative Office	1120 Vermont Avenue NW (Street and Number)			Washington, DC, US 20005 (City or Town, State, Country and Zip Code)			
Mail Address	1120 Vermont Avenue NW (Street and Number or P.O. Box)			Washington, DC, US 20005 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	Washington, DC, US 20005 (City or Town, State, Country and Zip Code)			(202)326-8924 (Area Code) (Telephone Number)			
Internet Web Site Address	www.chartered-health.com			(202)326-8924 (Area Code) (Telephone Number)			
Statutory Statement Contact	Edward Frederick Oswald (Name)			(202)326-8924 (Area Code)(Telephone Number)(Extension)			
	eoswald@chartered-health.com (E-Mail Address)			(Fax Number)			

OFFICERS

OTHERS

Daneil Lawrence Watkins, Special Deputy to the Rehabilitator for DC Charter #

DIRECTORS OR TRUSTEES

State of District of Columbia
County of ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Daniel Lawrence Watkins (Printed Name) 1. Special Deputy Rehabilitator (Title)	(Signature) Edward Frederick Oswald (Printed Name) 2. Interim CFO (Title)	(Signature) (Printed Name) 3. (Title)
---	--	--

Subscribed and sworn to before me this day of , 2013 (Notary Public Signature)	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[X] No[]
--	---	--------------------------

ASSETS

		Current Statement Date			4
		1	2	3	
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1.	Bonds	13,082,295	12,159,586	922,709	13,479,363
2.	Stocks:				
2.1	Preferred stocks				
2.2	Common stocks				
3.	Mortgage loans on real estate:				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate:				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....(3,269,317)), cash equivalents (\$.....3,744,986) and short-term investments (\$.....983,532)	1,459,201		1,459,201	4,821,623
6.	Contract loans (including \$.....0 premium notes)				
7.	Derivatives				
8.	Other invested assets				
9.	Receivables for securities				
10.	Securities lending reinvested collateral assets				
11.	Aggregate write-ins for invested assets				
12.	Subtotals, cash and invested assets (Lines 1 to 11)	14,541,497	12,159,586	2,381,910	18,300,986
13.	Title plants less \$.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	18,481		18,481	136,847
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection	4,715,383		4,715,383	5,164,863
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)				
15.3	Accrued retrospective premiums	32,000,000		32,000,000	32,000,000
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers	369,656		369,656	351,586
16.2	Funds held by or deposited with reinsured companies				
16.3	Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon				
18.2	Net deferred tax asset				
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software	241,301	241,301		146,063
21.	Furniture and equipment, including health care delivery assets (\$.....0)	268,912	268,912		
22.	Net adjustments in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates				
24.	Health care (\$.....0) and other amounts receivable	17,057	17,057		
25.	Aggregate write-ins for other than invested assets	875,148	875,148		
26.	TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	53,047,434	13,562,005	39,485,430	56,100,345
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	TOTAL (Lines 26 and 27)	53,047,434	13,562,005	39,485,430	56,100,345
DETAILS OF WRITE-INS					
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.	PREPAIDS	710,731	710,731		
2502.	DEPOSITS	132,837	132,837		
2503.	ACCOUNTS RECEIVABLE - OTHER	29,086	29,086		
2598.	Summary of remaining write-ins for Line 25 from overflow page	2,495	2,495		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	875,148	875,148		

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	50,443,158		50,443,158	47,889,416
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	1,275,722		1,275,722	1,275,722
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	5,000,000		5,000,000	5,000,000
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserve				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	10,623,719		10,623,719	11,270,616
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others	105,580		105,580	28,217
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates				
16.	Derivatives				
17.	Payable for securities				
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20.	Reinsurance in unauthorized and certified (\$.....0) companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans				
23.	Aggregate write-ins for other liabilities (including \$.....0 current)	243,003		243,003	247,480
24.	Total liabilities (Lines 1 to 23)	67,691,182		67,691,182	65,711,451
25.	Aggregate write-ins for special surplus funds	X X X	X X X		
26.	Common capital stock	X X X	X X X	100	100
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X	4,690,419	4,690,419
29.	Surplus notes	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	(32,896,272)	(14,301,625)
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33.	Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	(28,205,753)	(9,611,106)
34.	Total Liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	39,485,429	56,100,345
DETAILS OF WRITE-INS					
2301.	UNCLAIMED CHECKS	243,003		243,003	247,480
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	243,003		243,003	247,480
2501.	.....	X X X	X X X		
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date	Prior Year Ended December 31
		1 Uncovered	2 Total	3 Total	4 Total
1.	Member Months	X X X	317,039	331,879	1,315,078
2.	Net premium income (including \$.....0 non-health premium income)	X X X	89,863,030	104,535,968	398,256,303
3.	Change in unearned premium reserves and reserves for rate credits	X X X			
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X			
5.	Risk revenue	X X X			
6.	Aggregate write-ins for other health care related revenues	X X X			
7.	Aggregate write-ins for other non-health revenues	X X X			
8.	Total revenues (Lines 2 to 7)	X X X	89,863,030	104,535,968	398,256,303
Hospital and Medical:					
9.	Hospital/medical benefits		40,252,301	27,287,472	164,745,313
10.	Other professional services		20,167,538	20,915,766	78,536,768
11.	Outside referrals				
12.	Emergency room and out-of-area		15,209,943	17,537,999	61,167,510
13.	Prescription drugs		9,126,189	13,465,817	53,403,020
14.	Aggregate write-ins for other hospital and medical		598,082	567,649	2,316,744
15.	Incentive pool, withhold adjustments and bonus amounts				
16.	Subtotal (Lines 9 to 15)		85,354,053	79,774,703	360,169,355
Less:					
17.	Net reinsurance recoveries		299,939	195,235	619,220
18.	Total hospital and medical (Lines 16 minus 17)		85,054,114	79,579,468	359,550,135
19.	Non-health claims (net)				
20.	Claims adjustment expenses, including \$.....1,595,106 cost containment expenses		3,060,847	2,593,899	13,369,721
21.	General administrative expenses		8,153,188	6,991,253	34,321,277
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)				5,000,000
23.	Total underwriting deductions (Lines 18 through 22)		96,268,149	89,164,620	412,241,133
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(6,405,119)	15,371,348	(13,984,830)
25.	Net investment income earned		(87,009)	93,013	268,434
26.	Net realized capital gains (losses) less capital gains tax of \$.....0				(188,599)
27.	Net investment gains or (losses) (Lines 25 plus 26)		(87,009)	93,013	79,835
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			(4,511,135)	(6,000,000)
29.	Aggregate write-ins for other income or expenses		121		(258,760)
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(6,492,007)	10,953,226	(20,163,755)
31.	Federal and foreign income taxes incurred	X X X		804,832	
32.	Net income (loss) (Lines 30 minus 31)	X X X	(6,492,007)	10,148,394	(20,163,755)
DETAILS OF WRITE-INS					
0601.	.....	X X X			
0602.	.....	X X X			
0603.	.....	X X X			
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701.	.....	X X X			
0702.	.....	X X X			
0703.	.....	X X X			
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401.	OTHER MEDICAL CLAIMS - DME		598,082	567,649	2,316,744
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page				
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		598,082	567,649	2,316,744
2901.	Write-off of balances Due To/From Parent				(8,427)
2902.	Other Miscellaneous Income		121		31,807
2903.	Write-off Notes Receivable and AR-Other				(282,140)
2998.	Summary of remaining write-ins for Line 29 from overflow page				
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)		121		(258,760)

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2	3
		Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT				
33.	Capital and surplus prior reporting year	(9,611,106)	5,949,445	5,949,445
34.	Net income or (loss) from Line 32	(6,492,007)	10,148,394	(20,163,755)
35.	Change in valuation basis of aggregate policy and claim reserves			
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0			
37.	Change in net unrealized foreign exchange capital gain or (loss)			
38.	Change in net deferred income tax			
39.	Change in nonadmitted assets	(12,102,639)	(4,822,529)	4,603,204
40.	Change in unauthorized and certified reinsurance			
41.	Change in treasury stock			
42.	Change in surplus notes			
43.	Cumulative effect of changes in accounting principles			
44.	Capital Changes:			
44.1	Paid in			
44.2	Transferred from surplus (Stock Dividend)			
44.3	Transferred to surplus			
45.	Surplus adjustments:			
45.1	Paid in			
45.2	Transferred to capital (Stock Dividend)			
45.3	Transferred from capital			
46.	Dividends to stockholders			
47.	Aggregate write-ins for gains or (losses) in surplus		(67,341)	
48.	Net change in capital and surplus (Lines 34 to 47)	(18,594,647)	5,258,524	(15,560,551)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	(28,205,753)	11,207,969	(9,611,106)
DETAILS OF WRITE-INS				
4701.	CORRECTION OF PRIOR PERIOD ACCOUNTING ERROR		(67,341)	
4702.	.....		
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page			
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		(67,341)	

CASH FLOW

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations				
1.	Premiums collected net of reinsurance	90,312,510	77,763,176	391,422,122
2.	Net investment income	31,357	212,108	254,270
3.	Miscellaneous income			
4.	TOTAL (Lines 1 to 3)	90,343,867	77,975,284	391,676,392
5.	Benefit and loss related payments	82,518,442	84,035,882	357,310,956
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	11,860,811	16,994,173	49,992,662
8.	Dividends paid to policyholders			
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		(4,059,917)	
10.	TOTAL (Lines 5 through 9)	94,379,252	96,970,138	407,303,618
11.	Net cash from operations (Line 4 minus Line 10)	(4,035,385)	(18,994,854)	(15,627,226)
Cash from Investments				
12.	Proceeds from investments sold, matured or repaid:			
12.1	Bonds	897,068	375,000	5,189,260
12.2	Stocks			
12.3	Mortgage loans			
12.4	Real estate			
12.5	Other invested assets		6,183	13,283
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments			
12.7	Miscellaneous proceeds			
12.8	TOTAL investment proceeds (Lines 12.1 to 12.7)	897,068	381,183	5,202,543
13.	Cost of investments acquired (long-term only):			
13.1	Bonds	500,000	3,094,630	3,642,667
13.2	Stocks			
13.3	Mortgage loans			
13.4	Real estate			
13.5	Other invested assets		201,882	
13.6	Miscellaneous applications			
13.7	TOTAL investments acquired (Lines 13.1 to 13.6)	500,000	3,296,512	3,642,667
14.	Net increase (or decrease) in contract loans and premium notes			
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	397,068	(2,915,329)	1,559,876
Cash from Financing and Miscellaneous Sources				
16.	Cash provided (applied):			
16.1	Surplus notes, capital notes			
16.2	Capital and paid in surplus, less treasury stock	0		
16.3	Borrowed funds			
16.4	Net deposits on deposit-type contracts and other insurance liabilities			
16.5	Dividends to stockholders			
16.6	Other cash provided (applied)	275,898	(18,719)	1,913,653
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	275,898	(18,719)	1,913,653
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS				
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(3,362,420)	(21,928,902)	(12,153,697)
19.	Cash, cash equivalents and short-term investments:			
19.1	Beginning of year	4,821,621	16,975,319	16,975,318
19.2	End of period (Line 18 plus Line 19.1)	1,459,201	(4,953,583)	4,821,621
Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:				
20.0001	Long-term CDARs were reported as cash in the 12/31/11 annual statement - this was corrected in the 1Q 2012 filing and they were properly reported as Schedule D assets		1,909,630	
20.0002	Notes Receivable were reported as aggregate write-ins at 12/31/11 - at 3/31/12 a reclassification was made as these assets should be reported as Other Invested Assets		195,699	

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	109,373		7,974						101,399	
2. First Quarter	103,081		6,888						96,193	
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	317,039		21,953						295,086	
Total Member Ambulatory Encounters for Period:										
7. Physician	109,322		9,294						100,028	
8. Non-Physician	51,773		5,210						46,563	
9. Total	161,095		14,504						146,591	
10. Hospital Patient Days Incurred	4,933		42						4,891	
11. Number of Inpatient Admissions	1,547		12						1,535	
12. Health Premiums Written (a)	90,104,148		3,497,049						86,607,099	
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	90,104,148		3,497,049						86,607,099	
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	82,800,312		4,264,465						78,535,847	
18. Amount Incurred for Provision of Health Care Services	85,354,053		3,818,172						81,535,881	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.0.

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims						
1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
Individually Listed Claims Unpaid						
Children's National Medical Center	3,071,664			8,602		3,080,266
George Washington University Hospital	2,558,483	133,121				2,691,604
CareMark	2,158,134					2,158,134
0199999 Individually Listed Claims Unpaid	7,788,281	133,121		8,602		7,930,004
0399999 Aggregate Accounts Not Individually Listed - Covered	9,345,509	769,636	242,420	851,262		11,208,827
0499999 Subtotals	17,133,789	902,757	242,420	859,864		19,138,831
0599999 Unreported claims and other claim reserves						31,304,327
0799999 Total Claims Unpaid						50,443,158
0899999 Accrued Medical Incentive Pool And Bonus Amounts						

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid Year to Date		Liability End of Current Quarter		5	6
		1	2	3	4	Claims Incurred in Prior Years (Columns 1+3)	Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year
		On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec 31 of Prior Year	On Claims Incurred During the Year		
1.	Comprehensive (hospital & medical)	1,272,385	2,992,080	165,931	2,098,517	1,438,316	2,710,741
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid	39,632,856	38,603,051	3,530,374	44,648,335	43,163,230	45,178,675
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	40,905,241	41,595,131	3,696,305	46,746,852	44,601,546	47,889,416
10.	Healthcare receivables (a)						
11.	Other non-health						
12.	Medical incentive pools and bonus amounts						
13.	Totals (Lines 9 - 10 + 11 + 12)	40,905,241	41,595,131	3,696,305	46,746,852	44,601,546	47,889,416

(a) Excludes \$......17,057 loans or advances to providers not yet expensed.

Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of DC Chartered Health Plan (Chartered) are presented on the basis of accounting practices prescribed or permitted by the District of Columbia Department of Insurance, Securities and Banking (DISB).

The DISB recognizes only statutory accounting practices prescribed or permitted by the District of Columbia (District) for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the District of Columbia Insurance Code. The DISB has adopted the National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures Manual* as a component of prescribed and permitted practices for the District. The DISB has the right to permit specific practices that deviate from prescribed practices. There is no deviation from the NAIC *Accounting Practices and Procedures Manual*.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the District of Columbia Department of Insurance, Securities and Banking is shown below:

		<u>State of Domicile</u>	2013	2012
	<u>NET INCOME</u>			
(1)	State basis (Page 4, Line 32, Columns 2 & 3)	DC	\$(6,492,007)	\$(20,163,755)
(2)	State Prescribed Practices that increase/(decrease) NAIC SAP:			
(201)				
(299)	Total		\$0	\$0
(3)	State Permitted Practices that increase/(decrease) NAIC SAP:			
(301)				
(399)	Total		\$0	\$0
(4)	NAIC SAP (1-2-3=4)		\$(6,492,007)	\$(20,163,755)
	<u>SURPLUS</u>			
(5)	State basis (Page 3, Line 33, Columns 3 & 4)	DC	\$(28,205,753)	\$(9,611,106)
(6)	State Prescribed Practices that increase/(decrease) NAIC SAP:			
(601)				
(699)	Total		\$0	\$0
(7)	State Permitted Practices that increase/(decrease) NAIC SAP:			
(701)				
(799)	Total		\$0	\$0
(8)	NAIC SAP (5-6-7=8)		\$(28,205,753)	\$(9,611,106)

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of the financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Chartered writes only Medicaid contracts primarily through a contract with the District of Columbia Department of Health (DOH). Medicaid premiums from the DOH are due monthly and are recognized as revenue during the period in which Chartered is obligated to provide service to members.

In addition, the Company uses the following accounting policies:

- (1) Cash, cash equivalents and short-term investments include cash and US government and agency obligations with original dates of maturity less than twelve months when purchases. Short-term investments are stated at amortized cost.

Notes to Financial Statement

- (2) Bonds not backed by other loans are stated at amortized cost using the scientific interest method.
- (3) Common stocks – None
- (4) Preferred stocks – None
- (5) Mortgage loans on real estate – None
- (6) Loan-backed securities – None
- (7) Investments in subsidiaries, controlled or affiliated companies – None
- (8) Investments in joint ventures, partnerships and limited liability companies – None
- (9) Derivatives instruments – None
- (10)Chartered does not utilize anticipated investment income as a factor in the premium deficiency calculation.
- (11)Medical and hospital costs are accrued based on claims received but unpaid and an estimate for claims incurred but not yet received (IBNR). These estimates are projected through an actuarial model, which calculates the outstanding liability based on payment trends and membership. Chartered uses actuarially sound methodologies developed by its actuarial consultants, OptumInsight, to calculate its medical liability. Claims and claims adjustment expenses are expensed as incurred. The Company establishes an unpaid claims liability for claims in the process of review and for claims incurred but not reported. The liability for claims incurred but not reported is actuarially estimated based on the most current historical claims experience, changes in number of members and participants and estimates of health care trend (cost, utilization and intensity of services) changes. Estimates for claims incurred but not reported are continually reviewed and revised as changes in these factors occur and revisions are reflected in the current year’s statements of revenue and expenses.
- (12)Chartered has not modified its capitalization policy from the prior period.
- (13)Chartered has not recorded any pharmacy rebate receivables.

2. Accounting Changes and Corrections of Errors

No Material Change

3. Business Combinations and Goodwill

No Material Change

4. Discontinued Operations

No Material Change

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans – No Material Change
- B. Debt Restructuring – No Material Change
- C. Reverse Mortgages – No Material Change
- D. Loan-Backed Securities – No Material Change
- E. Repurchase Agreements and/or Securities Lending Transactions
 - 1) Policy for requiring collateral or other security – No Material Change
 - 2) Carrying amount and classification of both those assets and associated liabilities - No Material Change
 - 3) Collateral accepted that it is permitted by contract or custom to sell or repledge:
 - a. Aggregate amount of contractually obligated open collateral positions – No Material Change
 - b. Fair value of that collateral and of the portion of that collateral that is has sold or repledged – None
 - c. Information about the sources and uses of that collateral – No Material Change
 - 4) Aggregate value of the reinvested collateral which is “one-line” reported and the aggregate reinvested collateral which is reported in the investment schedules – No Material Change
 - 5) Reinvestment of the cash collateral and any securities which it or its agents receives as collateral that can be resold or repledged – No Material Change

Notes to Financial Statement

- 6) Collateral accepted that it is not permitted by contract or custom to sell or repledge – No Material Change
- 7) Collateral for transactions that extend beyond one year from the reporting date – No Material Change

F. Real Estate – No Material Change

G. Low-Income Housing Tax Credits (LIHTC) – No Material Change

6. Joint Ventures, Partnerships and Limited Liability Companies

No Material Change

7. Investment Income

No Material Change

8. Derivative Instruments

No Material Change

9. Income Taxes

No Material Change

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

No Material Change

11. Debt

No Material Change

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans.

A. Defined Benefit Plan

- 1) Change in benefit obligation – No Material Change
- 2) Change in plan assets – No Material Change
- 3) Funded status – No Material Change
- 4) Accumulated benefit obligation for vested employees and partially vested employees to the extent vested – No Material Change
- 5) Benefit obligation for non-vested employees – No Material Change
- 6) Components of net periodic benefit cost – None
- 7) The amount included in unassigned funds (surplus) for the period arising from a change in the additional minimum pension liability recognized – No Material Change
- 8) Weighted-average assumptions used to determine net period benefit cost – No Material Change
- 9) Measurement date – No Material Change
- 10) Assumed Health Care cost trend rate for the next year used to measure the expected cost of benefit covered by the plan – No Material Change
- 11) Affect of one percentage point increase and decrease in the assumed health care trend rates – No Material Change
- 12) The defined benefit pension plan asset allocation as of the measurement date, and the target asset allocation, presented as a percentage of the total plan assets – No Material Change
- 13) Estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years - No Material Change
- 14) Regulatory contribution requirements – No Material Change
- 15) Amounts and types of securities of the employer and related parties included in the plan assets – No Material Change
- 16) Alternative amortization – No Material Change
- 17) Substantive commitment – No Material Change

Notes to Financial Statement

- 18) Cost of providing special or contractual termination benefits – No Material Change
- 19) Explanation of any significant change in benefit obligations or plan assets – No Material Change
- B. Defined Contribution Plan – No Material Change
- C. Multi-Employer Plan – No Material Change
- D. Consolidated Holding Company Plans – No Material Change
- E. Post-Employment Benefits and Compensated Absences – No Material Change
- F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – No Material Change

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

No Material Change

14. Contingencies

No Material Change

15. Leases

No Material Change

16. About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk

No Material Change

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales – No Material Change
- B. Transfer and Servicing of Financial Assets
 - (1) Description of loaned securities – No Material Change
 - (2) Servicing Assets and Liabilities
 - a. Risks inherent in servicing assets and servicing liabilities – No Material Change
 - b. Amount of contractually specified servicing fees, late fees and ancillary fees earned for each period – None
 - c. Assumptions used to estimate the fair value – No Material Change
 - (3) Servicing assets and servicing liabilities are subsequently measured at fair value – No Material Change
 - (4) For securitizations, asset-backed financing arrangements, and similar transfers accounted for as sales when the transferor has continuing involvement (as defined in the glossary of the Accounting Practices & Procedures Manual) with the transferred financial assets:
 - a. Each income statement presented – None
 - b. Each statement of financial position presented, regardless of when the transfer occurred – None
 - (5) Transfers of financial assets accounted for as secured borrowing value – No Material Change
 - (6) Transfers of receivables with recourse – No Material Change
 - (7) Securities underlying repurchase and reverse repurchase agreements – No Material Change
- C. Wash Sales – None

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

No Material Change

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No Material Change

Notes to Financial Statement

20. Fair Value Measurements

- A. Fair Market Value at Reporting Date
 - 1. Fair Value Measurements at Reporting Date – None
 - 2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy – None
 - 3. The Company does not have any securities valued at fair value.
 - 4. The Company has not valued any securities at a Level 2 or 3.
 - 5. Derivative assets and liabilities – None
- B. Fair Value information under SSAP No. 100 combined with Fair Value information Under Other Accounting Pronouncements – None
- C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$13,082,295	\$922,709	\$0	\$13,082,295	\$0	\$0
Cash Equivalents	\$3,744,986	\$3,744,986	\$0	\$3,744,986	\$0	\$0
Short-term Investments	\$983,532	\$983,532	\$0	\$983,532	\$0	\$0

- D. Not Practicable to Estimate Fair Value – None

21. Other Items

No Material Change

22. Events Subsequent

Type I – Recognized Subsequent Events

Subsequent events have been considered through June 14, 2013 for the statutory statement issued on March 31, 2013.

The following subsequent event occurred:

On May 17, 2013 Cardinal Bank declared a loan with Chartered’s parent company to be in default. Cardinal Bank then liquidated \$14,007,294 of certificates in deposit owned by Chartered but pledged as collateral to secure the parent’s loan. The bank retained \$12,200,294 for outstanding principal, interest and fees on the loan. Cardinal Bank then remitted \$1,675,000 to Chartered. This amount represents the remaining balance on the loan after deduction of \$150,000 for what the bank called “anticipated legal fees”.

Type II – Nonrecognized Subsequent Events

Subsequent events have been considered through June 14, 2013 for the statutory statement issued on March 31, 2013.

The following subsequent event occurred:

On April 30, 2013, Chartered closed on a transaction with AmeriHealth District of Columbia, Inc. which was contemplated by an Asset Purchase Agreement executed February 8, 2013. This agreement transferred most of Chartered’s operating assets to AmeriHealth, including Chartered’s Medicaid and Alliance contracts with the Department of Health Care Finance (DHCF). At the completion of this transaction, Chartered has no significant operations and no employees.

23. Reinsurance

No Material Change

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No Material Change

25. Changes in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2012 were \$47,889,416 for unpaid claims and \$1,275,722 for unpaid claims adjustment expenses. As of March 31, 2013, \$42,180,963 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Therefore there has been a \$3,287,869 favorable prior year development since December 31, 2012 to March 31, 2013. There is \$3,696,305 of reserves remaining for prior years. The decrease is general the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes know regarding individual claims.

Notes to Financial Statement

26. Intercompany Pooling Arrangements

No Material Change

27. Structured Settlements

No Material Change

28. Health Care Receivables

No Material Change

29. Participating Policies

No Material Change

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	(1) \$ 5,000,000
2. Date of the most recent evaluation of this liability	3/31/2013
3. Was anticipated investment income utilized in the calculation? (Yes / No)	No

31. Anticipated Salvage and Subrogation

No Material Change

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes[] No[X]
- 1.2 If yes, has the report been filed with the domiciliary state?

Yes[] No[] N/A[X]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
- 3.1 Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes[] No[X]
- 3.2 If the response to 3.1 is yes, provide a brief description of those changes:
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? If yes, attach an explanation.

Yes[] No[X] N/A[]
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2007
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2007
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

12/31/2008
- 6.4 By what department or departments?
District of Columbia Department of Insurance and Securities Regulation
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes[X] No[] N/A[]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[X] No[] N/A[]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 7.2 If yes, give full information
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

Yes[X] No[]
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[] No[X]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$..... 0

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes[] No[X]
- 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$..... 0
13. Amount of real estate and mortgages held in short-term investments:

\$..... 0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes[] No[X]
- 14.2 If yes, please complete the following:

GENERAL INTERROGATORIES (Continued)

		1	2
		Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21	Bonds		
14.22	Preferred Stock		
14.23	Common Stock		
14.24	Short-Term Investments		
14.25	Mortgages Loans on Real Estate		
14.26	All Other		
14.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)		
14.28	Total Investment in Parent included in Lines 14.21 to 14.26 above		

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.
- Yes[] No[X]

Yes[] No[] N/A[X]
16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

16.2 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

16.3 Total payable for securities lending reported on the liability page
- \$ 0

\$ 0

\$ 0
17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[X] No[]

1	2
Name of Custodian(s)	Custodian Address
CARDINAL BANK	8270 GREENSBORO DR. STE 500, MCLEAN, VA 22102
URBAN TRUST BANK	1350 I St. NW , WASHINGTON, DC 20005
PREMIER BANK	1501 K St., N.W., WASHINGTON, DC 20005

- 17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?

17.4 If yes, give full and complete information relating thereto:
- Yes[] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....

- 17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository	Name(s)	Address
.....

- 18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

18.2 If no, list exceptions:
- Yes[X] No[]

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:	
1.1 A&H loss percent	96.424%
1.2 A&H cost containment percent	1.775%
1.3 A&H expense percent excluding cost containment expenses	10.704%
2.1 Do you act as a custodian for health savings accounts?	Yes[] No[X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$..... 0
2.3 Do you act as an administrator for health savings accounts?	Yes[] No[X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$..... 0

SCHEDULE S - CEDED REINSURANCE
Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			<div>NONE</div>			

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

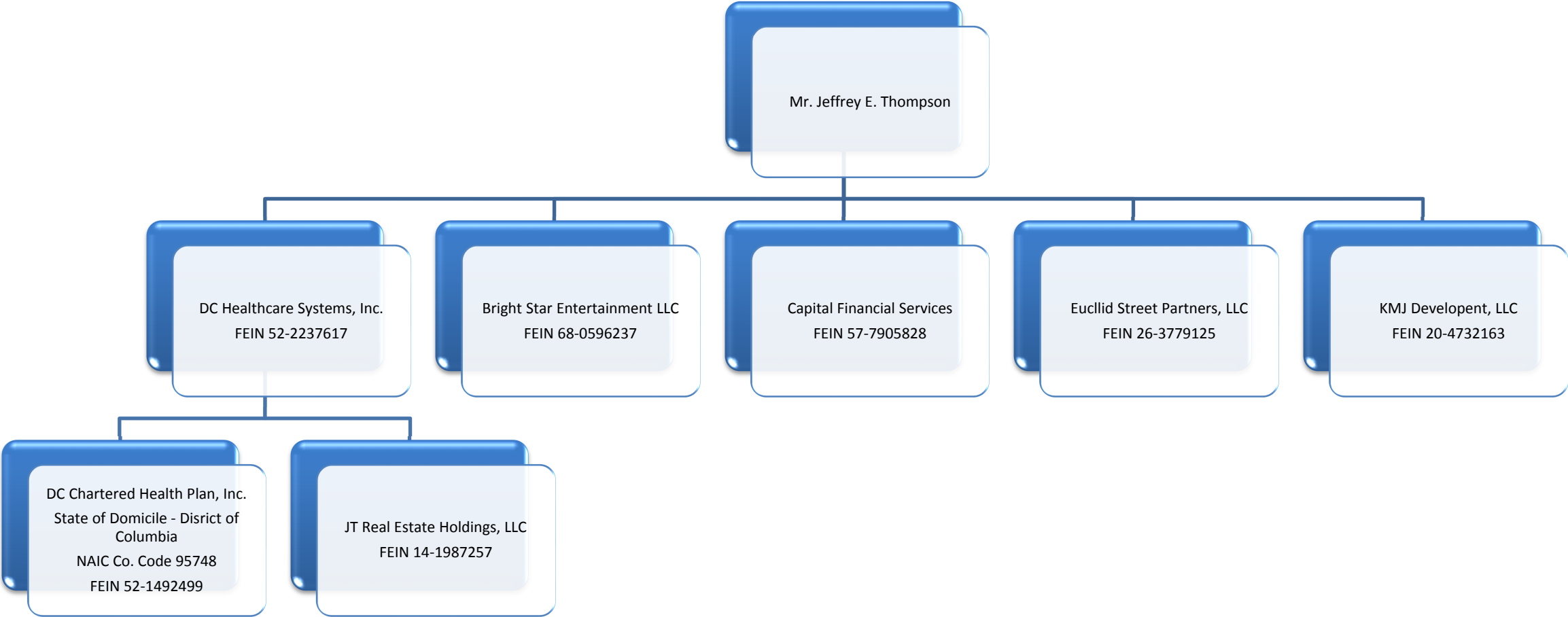
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	L	3,497,049		86,607,099				90,104,148	
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	N								
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Mariana Islands (MP)	N								
57.	Canada (CAN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	3,497,049		86,607,099				90,104,148	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	Total (Direct Business)	(a)..... 1	3,497,049		86,607,099				90,104,148	
DETAILS OF WRITE-INS										
5801.	.....	X X X								
5802.	.....	X X X								
5803.	.....	X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Q15



SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	FEDERAL RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies) / Person(s)	*
00000001		095748	52-1492499				JEFFREY EARL THOMPSON	DC	UIP	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
00000001		0	14-1987257				DC CHARTERED HEALTH PLAN INC	DC		DC HEALTHCARE SYSTEMS	Ownership	100.0	JEFFREY EARL THOMPSON	
00000001		0	14-1987257				JT Real Estate Holdings, LLC	DC	NIA	DC HEALTHCARE SYSTEMS	Ownership	100.0	JEFFREY EARL THOMPSON	
00000001		0	52-2237617				DC HEALTHCARE SYSTEMS	DC	UDP	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
00000001		0	52-1563500				THOMPSON, COBB, BAZILIO & ASSOCIATES, PC	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
00000001		0	68-0596237				Bright Star Entertainment LLC	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
00000001		0	57-7905828				Capital Financial Services	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
00000001		0	26-3779125				EUCLID STREET PARTNERS, LLC	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
00000001		0	20-4732163				KMJ Development, LLC	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	

916

Asterisk	Explanation
00000001	Footnote

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

RESPONSE
No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



OVERFLOW PAGE FOR WRITE-INS

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
2504. ADVANCES - EMPLOYEE	2,495	2,495		
2597. Summary of remaining write-ins for Line 25 (Lines 2504 through 2596)	2,495	2,495		

STATEMENT AS OF **March 31, 2013** OF THE **DC CHARTERED HEALTH PLAN, INC.**

SCHEDULE A - VERIFICATION

Real Estate		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest paid		
9. Total foreign exchange change in book value/recorded investment		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		201,882
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		(188,599)
7. Deduct amounts received on disposals		13,283
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	13,479,363	15,025,957
2. Cost of bonds and stocks acquired	500,000	3,642,667
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration for bonds and stocks disposed of	897,068	5,189,260
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	13,082,295	13,479,364
11. Deduct total nonadmitted amounts	12,159,586	
12. Statement value at end of current period (Line 10 minus Line 11)	922,709	13,479,364

SCHEDULE D - PART 1B
Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	14,288,887	1,423,935	1,646,995		14,065,827			14,288,887
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	14,288,887	1,423,935	1,646,995		14,065,827			14,288,887
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	14,288,887	1,423,935	1,646,995		14,065,827			14,288,887

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....983,532; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

SCHEDULE DA - PART 1

Short - Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	983,532	X X X	983,532	16	

SCHEDULE DA - Verification

Short-Term Investments

		1 Year To Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	809,524	836,254
2.	Cost of short-term investments acquired	923,935	2,573,579
3.	Accrual of discount		
4.	Unrealized valuation increase (decrease)		
5.	Total gain (loss) on disposals		
6.	Deduct consideration received on disposals	749,927	2,600,309
7.	Deduct amortization of premium		
8.	Total foreign exchange change in book/adjusted carrying value		
9.	Deduct current year's other than temporary impairment recognized		
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	983,532	809,524
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	983,532	809,524

SI04 Schedule DB - Part A Verification NONE

SI04 Schedule DB - Part B Verification NONE

SI05 Schedule DB Part C Section 1 NONE

SI06 Schedule DB Part C Section 2 NONE

SI07 Schedule DB - Verification NONE

SCHEDULE E - Verification
(Cash Equivalents)

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	10,225,639	19,955,717
2.	Cost of cash equivalents acquired	869,580,143	4,998,854,426
3.	Accrual of discount		
4.	Unrealized valuation increase (decrease)		
5.	Total gain (loss) on disposals		
6.	Deduct consideration received on disposals	876,060,796	5,008,584,505
7.	Deduct amortization of premium		
8.	Total foreign exchange change in book/adjusted carrying value		
9.	Deduct current year's other than temporary impairment recognized		
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	3,744,986	10,225,638
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	3,744,986	10,225,638

E01 Schedule A Part 2 NONE

E01 Schedule A Part 3 NONE

E02 Schedule B Part 2 NONE

E02 Schedule B Part 3 NONE

E03 Schedule BA Part 2 NONE

E03 Schedule BA Part 3 NONE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - Industrial and Miscellaneous (Unaffiliated)									
.....	Everbank/Jacksonville FL .....	.....	..... 01/09/2013	Cardinal Bank .....	..... X X X .....	..... 250,000 .....	..... 250,000 .....	.....	1FE
.....	Synovus Bank GA .....	.....	..... 01/17/2013	Cardinal Bank .....	..... X X X .....	..... 250,000 .....	..... 250,000 .....	.....	1FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) .....				..... X X X .....	..... 500,000 .....	..... 500,000 .....	.....	..... X X X
8399997	Subtotal - Bonds - Part 3 .....				..... X X X .....	..... 500,000 .....	..... 500,000 .....	.....	..... X X X
8399999	Subtotal - Bonds .....				..... X X X .....	..... 500,000 .....	..... 500,000 .....	.....	..... X X X
9899999	Subtotal - Preferred and Common Stocks .....				..... X X X .....	.....	..... X X X .....	.....	..... X X X
9999999	Total - Bonds, Preferred and Common Stocks .....				..... X X X .....	..... 500,000 .....	..... X X X .....	.....	..... X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

SCHEDULE D - PART 4
Show All Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed of
During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP		F o r e i g n							Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
Identification	Description		Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost													
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
	The First, N.A.		02/05/2013	Maturity	X X X	94,068	100,000	94,068	94,068										5,932	02/05/2013	1FE
	Essa Bank & Trust		02/12/2013	Maturity	X X X	153,000	153,000	153,000	153,000										1,311	02/12/2013	1FE
	Farmers Bank		02/25/2013	Maturity	X X X	100,000	100,000	100,000	100,000										289	02/25/2013	1FE
	Hinsdale Bank & Trust Co		02/25/2013	Maturity	X X X	150,000	150,000	150,000	150,000										1,445	02/25/2013	1FE
	ISB Community Bank		02/25/2013	Maturity	X X X	150,000	150,000	150,000	150,000										446	02/25/2013	1FE
	Bloomfield State Bank		02/19/2013	Maturity	X X X	250,000	250,000	250,000	250,000										767	02/19/2013	1FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	897,068	903,000	897,068	897,068										10,189	X X X	X X X
8399997	Subtotal - Bonds - Part 4				X X X	897,068	903,000	897,068	897,068										10,189	X X X	X X X
8399999	Subtotal - Bonds				X X X	897,068	903,000	897,068	897,068										10,189	X X X	X X X
9899999	Subtotal - Preferred and Common Stocks				X X X		X X X													X X X	X X X
9999999	Total - Bonds, Preferred and Common Stocks				X X X	897,068	X X X	897,068	897,068										10,189	X X X	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

E06 Schedule DB Part A Section 1 NONE

E07 Schedule DB Part B Section 1 NONE

E08 Schedule DB Part D Section 1 NONE

E09 Schedule DB Part D Section 2 - Collateral Pledged By Reporting Entity NONE

E09 Schedule DB Part D Section 2 - Collateral Pledged To Reporting Entity NONE

E10 Schedule DL - Part 1 - Securities Lending Collateral Assets NONE

E11 Schedule DL - Part 2 - Securities Lending Collateral Assets NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1			2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6	7	8	
Depository			Code	Rate of Interest			First Month	Second Month	Third Month	*
open depositories										
CARDINAL BANK - GENERAL CHECKING	WASHINGTON DC						233,548	(946,996)	56,960	X X X
CARDINAL BANK - MEDCLMS	WASHINGTON DC						(4,540,474)	(6,451,018)	(3,745,135)	X X X
CARDINAL BANK - ALLIANCE CLAIMS	WASHINGTON DC						227,705	821,811	86,703	X X X
CARDINAL BANK - MH CLAIMS	WASHINGTON DC						11,539	(363,640)	(3,530)	X X X
CARDINAL BANK - FLEX BENEFITS	WASHINGTON DC						6,064	6,004	5,876	X X X
BANK OF AMERICA - PAYROLL	WASHINGTON DC						40,997	54,815	56,425	X X X
CARDINAL BANK - TRANSPORTATION	WASHINGTON DC						3,914	3,814	4,326	X X X
URBAN TRUST BANK	LAKE MARY FL	09/10/2013		5.080			18,922	18,922	18,922	X X X
CARDINAL BANK - CDARS	WASHINGTON DC	07/16/2013		0.500		250	250,000	250,000	250,000	X X X
0199998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - open depositories			X X X	X X X						X X X
0199999 Totals - Open Depositories			X X X	X X X		250	(3,747,786)	(6,606,288)	(3,269,454)	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - suspended depositories			X X X	X X X						X X X
0299999 Totals - Suspended Depositories			X X X	X X X						X X X
0399999 Total Cash On Deposit			X X X	X X X		250	(3,747,786)	(6,606,288)	(3,269,454)	X X X
0499999 Cash in Company's Office			X X X	X X X	X X X	X X X	137	137	137	X X X
0599999 Total Cash			X X X	X X X		250	(3,747,648)	(6,606,151)	(3,269,317)	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
8399999 Subtotals - Bonds
Sweep Accounts							
CASH-CARDINAL BANK MEDICAID REPO 03/31/2013 ...	..... 0.002	.... 04/01/2013 ...	..... 3,744,986	.....	..... 7,431
8499999 Sweep Accounts .....					..... 3,744,986	.....	..... 7,431
8599999 Other Cash Equivalents							
8699999 Total - Cash Equivalents 3,744,986 7,431

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EXHIBIT 3

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE (“Agreement”), is dated as of the ____ day of July, 2013 (the “Effective Date”), by and between Cardinal Bank (“Lender”), and William P. White, Commissioner of Insurance, Securities and Banking for the District of Columbia, in his official capacity as Rehabilitator (“Rehabilitator”) of D.C. Chartered Health Plan, Inc., a District of Columbia corporation (“Chartered”), and together with Lender, each a “Party” and collectively, the “Parties.”

RECITALS:

R-1. Lender and D.C. Healthcare Systems, Inc., a District of Columbia corporation (“Borrower”) are parties to a Loan Agreement dated October 10, 2008 (as amended, the “Loan Agreement”), pursuant to which Lender made a loan to Borrower (the “Loan”), which is evidenced by a Credit Line Promissory Note of even date therewith in the amount of Twelve Million and No/Dollars (\$12,000,000.00) issued by Borrower in favor of Lender (as amended, the “Note”).

R-2. In connection with the Loan, Jeffrey E. Thompson (“Thompson”) and Chartered (sometimes hereinafter collectively referred to as the “Guarantors”) executed a Guaranty of Payment dated October 10, 2008, in favor of Lender, pursuant to which Guarantors guaranteed all payments owed by Borrower under the Note and the Loan (as amended, the “Guaranty”).

R-3. Chartered also entered into a Pledge, Assignment and Security Agreement dated October 10, 2008, with Lender (as amended, the “Pledge”), pursuant to which Chartered pledged all of its right, title and interest in an account held by Cardinal Trust and Investments (“CTI”) and then managed by Wilson/Bennett Capital Management, Inc. (“Wilson,” and now managed by CTI) as Account No. 1050002002 (the “Account”), and all contents and proceeds thereof, including all those securities in the Account beneficially owned by Chartered, to support Chartered’s obligations under the Guaranty Agreement. Chartered’s rights to the Account are governed by that certain Restricted (Blocked) Account Agreement by and among Lender, Chartered, CTI and Wilson dated October 10, 2008 (the “Account Agreement”). As of the date hereof, the balance in the Account is \$150,000.00, together with any and all interest which may have accrued thereon, if any (collectively, the “Collateral”).

R-4. The Loan was amended by that certain Modification Agreement dated April 13, 2012, by and among Lender, Borrower, CTI and Guarantors wherein, *inter alia*: (i) Lender agreed to release Chartered of its obligations under the Guaranty and (ii) Chartered reaffirmed its obligations under the Pledge.

R-5. On October 19, 2012, Rehabilitator petitioned the Superior Court of the District of Columbia (the “Court”) for an Emergency Order of Rehabilitation of Chartered. A Consent Emergency Order of Rehabilitation (the “Order”) was entered by the Court that same day, appointing the Rehabilitator to take control of, and to exercise full control over the assets of Chartered; and that the Order also granted the Rehabilitator full authority to administer

Chartered's business, including resolution and settlement of any and all claims by or against Chartered.

R-6. By letter dated April 26, 2013, Lender claimed a default under, and did accelerate the maturity date of, the Note due to Borrower's various defaults including: the entry of the Order; a material adverse change in Borrower's financial condition; that Borrower and Chartered failed to comply with certain reporting requirements of the Loan; and for Borrower's failure to pay sums due to Lender under the Loan when due.

R-7. Prior to the Effective Date, Lender remitted to Chartered \$1,657,000.15 from the Account which amount was in excess of the pledged assets needed to satisfy amounts owed by Borrower under the Note. \$150,000, plus interest thereon remains in the Account.

R-8. The Parties desire to settle any and all claims and other business which the Parties may have with each other related to the Loan and Loan Documents, and any and all matters related to the transactions and events described above.

NOW, THEREFORE, in consideration of the agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, hereby covenant and agree as follows:

1. Recitals. The recitals are incorporated herein by this reference as if fully restated. The Parties acknowledge and agree that the recitals are correct and true in all material respects and form part of the consideration for this Agreement. All capitalized words in this Agreement shall have the meaning or definition ascribed to them.

2. Release of Collateral. Lender shall release the Collateral in the Account which totals \$150,000 (plus interest) to Chartered as directed by the Rehabilitator, on the first business day next following the date this Agreement is executed and delivered by the Parties to each other, following approval by the Court as described in paragraph 20., below, by wire transfer in accordance with the instructions contained in Exhibit A attached hereto. Lender represents and warrants that the aforesaid balance has not been reduced by the offset of Lender's legal fees incurred on or after May 15, 2013, the date the Collateral was actually received by Lender and applied to the Note.

3. Contribution to Rehabilitator. As and for a contribution to partially defray the Rehabilitator's costs and expenses in connection with events and activities in the recitals, and for the negotiation of this Agreement, Lender has agreed to contribute the sum of \$25,000.00, at the same time, and in the same wire transfer, as the payment of the Account balance as specified in Exhibit A hereto. Nothing in this paragraph nor any other section of this Agreement shall be deemed to be, nor asserted to be, nor shall be construed to be, an admission of liability on the part of Lender; that Lender continues to deny any liability to Chartered for any reason; and that the contribution described in this paragraph represents nothing more than Lender's business judgment consideration for the provisions contained in this Agreement and to avoid the cost and delay of any litigation.

4. Release of Lender. Upon the execution and delivery of this Agreement by both Parties, and the payment of the sums specified in paragraphs 2. and 3., above, the Rehabilitator, on behalf of itself, and on behalf of Chartered, and each of their (as relevant) directors, officers, employees, shareholders, agents, representatives, attorneys, trustees, substitute trustees, successors, predecessors, affiliates and assigns (each a “Chartered Releasing Party”), hereby fully releases and forever discharges Lender, its directors, officers, employees, shareholders, agents, representatives, attorneys, trustees, substitute trustees, successors, predecessors, affiliates and assigns (“Lender Released Parties”), from all actions, causes of action, claims, demands, defenses, and offsets of any nature whatsoever (in law or in equity, in tort, in contract, or otherwise), whether known or unknown, whether present or contingent, and including any right to consequential or punitive damages, that the Chartered Releasing Party now has, or ever had, against the Lender Released Parties, and any one or more of them had, from the beginning of time through and including the execution of this Agreement, in connection with, relating to, or arising out of the Loan, the Loan Documents (including the Pledge and the Account) or any and all matters related to the transaction described in any of the foregoing or in the recitals to this Agreement (collectively, the “Subject Matter”). This release is intended by the Chartered Releasing Party to: (i) waive any requirement of any statute or rule of law providing to the effect that a release shall not be construed to extend to unknown claims, it being the intention of the parties hereto that the Chartered Releasing Party releases the Lender Released Parties from any and all claims, known and unknown, that exist as of the execution of this Agreement, and (ii) to be supported by separate consideration in the form of the release by Lender to Chartered in the next succeeding paragraph.

5. Release of Chartered. Upon the execution and delivery of this Agreement by both Parties, and the payment of the sums specified in paragraphs 2. and 3., above, the Lender, on behalf of itself, and its directors, officers, employees, shareholders, agents, representatives, attorneys, trustees, substitute trustees, successors, predecessors, affiliates and assigns (each a “Lender Releasing Party”), hereby fully releases and forever discharges the Rehabilitator and his agents, representatives, attorneys, successors, and assigns and Chartered (collectively, the “Chartered Released Parties”), from all actions, causes of action, claims, demands, defenses, and offsets of any nature whatsoever (in law or in equity, in tort, in contract, or otherwise), whether known or unknown, whether present or contingent, and including any right to consequential or punitive damages, that the Lender Releasing Parties now have, or ever had, against the Chartered Released Parties, and any one or more of them had, from the beginning of time through and including the execution of this Agreement, in connection with, relating to, or arising out of the Subject Matter. This release is intended by the Lender Releasing Parties to: (i) waive any requirement of any statute or rule of law providing to the effect that a release shall not be construed to extend to unknown claims, it being the intention of the parties hereto that the Lender Releasing Parties releases the Chartered Released Parties from any and all claims, known and unknown, that exist as of the execution of this Agreement, and (ii) to be supported by separate consideration in the form of the release by Chartered and the Rehabilitator to Lender in the preceding paragraph. Nothing in this paragraph shall be deemed to release Borrower and or Thompson from any liability, cost or expense under the Loan Documents that remain due, owing and unpaid to Lender.

6. Representations and Warranties. The Rehabilitator, on behalf of itself and Chartered, hereby represents and warrants to the Lender that the Rehabilitator: (a) has full power and authority to enter into this Agreement and to perform its and Chartered's obligations hereunder, (b) the execution and delivery of this Agreement and the performance of its and Chartered's obligations hereunder, have been authorized and approved in any way necessary or required for Lender to obtain the maximum benefit possible and (c) this Agreement is the legal, valid and binding agreement of the Rehabilitator and Chartered and enforceable against Chartered in accordance with its terms. In addition, Chartered hereby represents and warrants to Lender that none of the Collateral constitutes property of Borrower or any of its subsidiaries, affiliates, or other insiders of the Borrower (excluding Chartered), or is otherwise part of the bankruptcy estate of Borrower or any of its subsidiaries, affiliates or insiders (excluding Chartered). In the event Lender is required in any bankruptcy or insolvency proceeding to return to the Borrower or a trustee for Borrower any portion of the Collateral applied in payment of the Loan, Chartered will promptly pay to Lender the full amount that is so returned, together with any and all of Lender's legal fees and costs actually and reasonably incurred.

7. Advice of Counsel. In making this Agreement, the Parties understand and agree that they have had the benefit of the advice of counsel of their own choosing, and have relied wholly upon their own judgment, belief, and knowledge of the nature, extent, effect and duration of the damages they have allegedly suffered. The Parties make this Agreement without reliance upon any statements, representations, or lack of statements or representations by the other Parties or their representatives. This Agreement has been reviewed by the Parties with their respective legal counsel, and has been fully read and is understood and voluntarily accepted. Each of the Parties hereto has reviewed this Agreement and, accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Agreement against a party that has drafted it is of no application and is expressly waived.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to principles of conflicts of laws thereof. Any lawsuit arising out of or otherwise relating to the subject matter of this Agreement shall be brought in state or federal court in the Commonwealth of Virginia, and all Parties consent to the jurisdiction and venue of such state courts.

9. Severability. In case one or more provisions contained in this Agreement shall be invalid, illegal, or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions contained herein shall remain effective and binding and shall not be affected or impaired thereby.

10. Headings; Counterparts. The section headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. This Agreement may be executed in counterparts and shall become effective upon its execution and delivery by all Parties. This Agreement, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or scanned electronically, shall be treated in all manner and respects as an original agreement and shall be considered to have the same binding legal effect as if it were the original

signed version thereof delivered in person. At the request of any Party or to any such agreement or instrument, the other Parties shall re-execute original forms thereof and deliver them to such requesting Party. No Party to this Agreement shall raise the use of a facsimile machine or scanner to deliver a signature or the fact that any signature or agreement was transmitted or communicated through the use of a facsimile machine or scanner as a defense to the formation or enforceability of the Agreement and each such Party forever waives any such defense.

11. Further Assurances. Each Party hereby agrees to execute and deliver all such instruments and take all such action as the other Parties may from time to time reasonably request in order to fully effectuate the purposes of this Agreement.

12. Jury Trial Waiver. UNLESS EXPRESSLY PROHIBITED BY APPLICABLE LAW, THE PARTIES HEREBY WAIVE THE RIGHT TO TRIAL BY JURY OF ANY MATTERS OR CLAIMS DIRECTLY OR INDIRECTLY ARISING OUT OF OR OTHERWISE RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES TO ENTER INTO THIS AGREEMENT.

13. Borrower and Thompson Not Third Party Beneficiaries. Nothing in this Agreement shall be deemed to release or discharge the Borrower or Thompson from any amount owed by either the Borrower or Thompson to Lender or Chartered. Neither Borrower nor Thompson shall be deemed to be, and neither are intended by the Parties to be, third party beneficiaries of this Agreement. This Agreement is solely for the benefit of the Parties executing and delivering this Agreement and for no other person or entity.

14. Other Matters and Loans by Lender to Borrower and/or Thompson Not Affected. Nothing in this Agreement shall release, alter, affect or amend any other loans, agreements, or other outstanding matters by and between Borrower and/or Thompson, jointly and/or severally, as the case may be, and Lender including, but not limited to: (i) a Seven Million Five Hundred Ninety Two Thousand and 00/100 Dollar (\$7,592,000.00) loan from Lender to Borrower guaranteed by Thompson dated July 27, 2007; (ii) a loan made by Lender to Bazilio Cobb Associates and guaranteed by Thompson; (iii) under the extant Guaranty (as to Thompson), and (iv) a claim for reimbursement from Borrower and Guarantor for Lender's legal fees incurred on and after May 15, 2013, and which were not reimbursed from the Account.

15. Expenses and Attorneys' Fees. The Parties agree they each shall bear their own attorneys' fees, expenses, and costs incurred on and after May 14, 2013, (exclusive of the contribution by Lender referenced in paragraph 3., above, up to the Effective Date of this Agreement); provided, however, that in the event any Party to this Agreement, brings a lawsuit to enforce the terms of this Agreement, the prevailing party shall be entitled to an award of its actual and reasonable attorneys' fees and costs incurred in connection with that litigation (including but not limited to the attorneys' fees and expenses such Party incurs in connection with enforcing any judgment, if any), from the non-prevailing party.

16. Notices. All notices between the Parties shall be in writing and shall be served either personally, by certified mail, by overnight courier service or by telecopy. If served

personally, notice shall be deemed given or made at the time of such service. If served by certified mail, notice shall be presumed given and made five (5) business days after the deposit thereof in the United States mail, postage prepaid, addressed to the party to whom said notice is to be given or made. If served by an overnight courier service promising delivery not later than 10:00 a.m., on the first business day after receipt by such service, notice shall be presumed given and made one business day after the deposit thereof with such courier service, addressed to the party to whom such notice is to be given or made, if such deposit is timely and appropriate in accordance with the requirements of such courier service. If by facsimile, when transmitted by telecopy provided that confirmation of the receipt of same is noted upon transmission of same by the sender's telecopy machine, and a counterpart of such notice is also delivered pursuant to one of the other three manners specified in this Section.

All notices to Lender shall be sent to:

Cardinal Bank
1776 K Street, NW
Washington, D.C. 20006 Attn: Kathleen Carr, President

With a required copy to:

Friedlander Misler, PLLC 5335 Wisconsin Avenue, NW Suite 600
Washington, D.C. 20015
Attn: Leonard A. Sloan, Esq. Facsimile: (202) 857-8343
Email: lsloan@dclawfirm.com

All notices to Chartered shall be sent to:

All notices to Chartered shall be sent to:

Daniel L. Watkins, Esq.
Special Deputy to the Rehabilitator
D.C. Chartered Health Plan
1025 15th St. NW
Washington, DC 20005

With a required copy to:

Faegre Baker Daniels LLP
600 E. 96th Street
Suite 600
Indianapolis, Indiana 46240-3789
Attn: John F.W. Fleming, Esq.
Facsimile: (317) 569-4800
Email: john.fleming@faegrebd.com

17. Successors and Assigns. This Agreement shall be binding upon and inure to the

benefit of the Parties and their respective successors or assigns only.

18. Execution. This Agreement shall become binding only upon execution by all Parties hereto and delivery of such signed documents to the other Parties.

19. Entire Agreement; Amendments and Waivers. This Agreement contains the entire understanding of the Parties with regard to the subject matter contained herein and supersedes all prior negotiations, understandings and agreements with regard thereto. The Parties, by mutual agreement in writing, may amend, modify and supplement this Agreement. The failure of either Party to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereto or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

20. Effectuation of Agreement. This Agreement shall not be effective unless and until it shall have been approved by the Superior Court for the District of Columbia in District of Columbia v. D.C. Chartered Health Plan, Inc., Civil Action No. 2012 CA 0082272 (the "Court"). The Rehabilitator will promptly and diligently seek such approval and promptly apprise Lender of the status of same, all without cost to Lender.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the Parties as a sealed instrument as of the date first above written.

[this space left blank intentionally; signatures begin on next page]

Signature Page to Agreement between Cardinal Bank and William P. White, Commissioner of Insurance, Securities and Banking for the District of Columbia, in his official capacity as Rehabilitator of D.C. Chartered Health Plan, Inc.

LENDER:

CARDINAL BANK

By: _____ (*seal*)

Name: Kathryn R. Speakman

Title: Vice-President

CHARTERED:

D.C. CHARTERED HEALTH PLAN, INC.

By: Daniel L. Watkins
Special Deputy to the Rehabilitator
D.C. Chartered Health Plan, Inc.

By: _____ (*seal*)

Name: _____

Title: _____

EXHIBIT 4



NOTICE

TO: PROVIDERS OF D.C. CHARTERED HEALTH PLAN, INC.
FROM: DAN WATKINS, SPECIAL DEPUTY TO THE REHABILITATOR
SUBJECT: CLAIMS SUBMISSION DEADLINE—AUGUST 31, 2013
DATE: JUNE 5, 2013

The attached Order of the D.C. Superior Court establishes August 31, 2013 as the Bar Date by which all claims with Chartered must be filed.

Claims for services provided to Chartered enrollees with incurred dates of April 30, 2013 or earlier should be submitted electronically utilizing your existing EDI submission process or by mail to Chartered Health Plan, PO Box 16587, Lubbock, Texas 79490-6587. Claim appeals for services provided to Chartered enrollees with incurred dates of April 30, 2013 or earlier should be submitted to Chartered Health Plan, PO Box 6307, Lubbock, Texas 79493-6307. If claims have previously been submitted, providers should not re-submit or duplicate those claims.

Claims will be processed as they are reviewed and claim reports will be provided monthly regarding the status of your claims. Appeals on claim determinations or denials may be submitted to Chartered within 90 days of the date you receive the claim report.

Providers are encouraged to submit claims and appeals as soon as possible and not wait until the August 31, 2013 claim bar date.

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division

DISTRICT OF COLUMBIA,	:	
Department of Insurance, Securities, and	:	
Banking	:	
	:	
Petitioner,	:	Civil No. 2012 CA 008227 2
	:	Judge Melvin R. Wright
v.	:	
	:	
D.C. CHARTERED HEALTH PLAN,	:	
INC.,	:	
	:	
Respondent.	:	

ORDER APPROVING THE ESTABLISHMENT
OF A BAR DATE OF AUGUST 31, 2013

On May 17, 2013, Daniel L. Watkins, as Special Deputy to the Rehabilitator of D.C. Chartered Health Plan, Inc. in Rehabilitation (Chartered), filed a *Fourth Status Report and Petition for Order Approving Establishment of Bar Date of August 31, 2013* (Petition). The Petition asked the Court to enter an order establishing a claims submission deadline of August 31, 2013 (Bar Date), by which date all claims against Chartered must be filed with the Rehabilitator and directing the Rehabilitator to give appropriate notice of the Bar Date.

Upon consideration of the Petition and the entire record herein, it is by this Court this 30th day of May, 2013, hereby

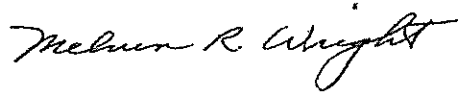
ORDERED that August 31, 2013 be established as the Bar Date by which all claims against Chartered must be filed with the Rehabilitator, and it is further

ORDERED that the Rehabilitator is directed to provide notice of the Bar Date; and it is further

ORDERED that a Status Hearing shall be set for July 17, 2013 at 9:30 am in Courtroom #519, and it is further

ORDERED that this is entered as a final Order.

SO ORDERED.



Hon. Melvin R. Wright
Presiding Judge, Civil Division

Copies to:

Prashant K. Khetan
Troutman Sanders LLP
401 9th Street, NW
Suite 1000
Washington, D.C. 20004

William P. White, Commissioner
c/o Stephanie Schmelz
DISB, Office of the General Counsel
810 First Street, NE
Suite 701
Washington, D.C. 20002

Daniel Watkins
Special Deputy Rehabilitator
1050 K Street, NW
Suite 400
Washington, D.C. 20001

Charles T. Richardson
Faegre Baker Daniels LLP
300 N. Meridian Street
Suite 2700
Indianapolis, IN 46204

E. Louise R. Phillips
Assistant Attorney General
441 Fourth Street, NW
Suite 630 South
Washington, D.C. 20001

David Killalea
Manatt Phelps & Phillips LLP
700 12th Street, NW
Suite 1100
Washington, D.C. 20005-4075

David K. Herzog
Faegre Baker Daniels LLP
300 N. Meridian Street
Suite 2700
Indianapolis, IN 46204

Steven I. Glover
Gibson Dunn & Crutcher
1050 Connecticut Avenue, NW
Washington, D.C. 20036

Joseph D. Edmondson, Jr.
Foley & Lardner LLP
3000 K Street, NW
Suite 600
Washington, D.C. 20007

EXHIBIT 5

NOTICE TO CREDITORS

TO: CREDITORS OF D.C. CHARTERED HEALTH PLAN, INC., IN REHABILITATION
FROM: DAN WATKINS
SPECIAL DEPUTY TO THE REHABILITATOR
RE: PROOF OF CLAIM TO BE FILED BY AUGUST 31, 2013
DATE: JUNE 28, 2013

You have been identified as someone who may have a claim for amounts due from D.C. Chartered Health Plan, Inc. (Chartered). Enclosed is a Proof of Claim form which must be submitted to the Rehabilitator of Chartered by August 31, 2013.

Also enclosed are a copy of the Rehabilitation Order in *District of Columbia Department of Insurance, Securities and Banking v. D.C. Chartered Health Plan, Inc.*, Civil No. 2012 CA 008227 2 (D.C. Super. Ct.) and a copy of the Superior Court Order establishing August 31, 2013 as the bar date for claims in Chartered's Rehabilitation.

Claims will be evaluated and determined by the Rehabilitator, submitted to the Court for approval and paid according to claim priorities set by the Court and the availability of funds. Complete information regarding Chartered's rehabilitation is available at <http://disb.dc.gov/page/dc-chartered-health-plan-inc-rehabilitation>. If you have questions regarding this notice or need additional information, please contact Sharon Rose, D.C. Chartered Health Plan, in Rehabilitation, c/o The Law Offices of Daniel L. Watkins, 901 New Hampshire Street, Suite 200, Lawrence, Kansas 66044 or sharonrose@danwatkinslaw.com.

D.C. CHARTERED HEALTH PLAN, INC. IN REHABILITATION
PO BOX 34380
WASHINGTON, DC 20043

 **CLAIMS DEADLINE: August 31, 2013 (8/31/2013)** 

PLEASE READ INSTRUCTIONS ON BACK OF FORM BEFORE COMPLETING

PROOF OF CLAIM FORM*

The Superior Court of the District of Columbia in *District of Columbia Department of Insurance, Securities and Banking v. D.C. Chartered Health Plan, Inc.*, Civil No. 2012 CA 008227 2, has set August 31, 2013 as the deadline to submit claims for payment of amounts claimed due from D. C. Chartered Health Plan, Inc. for goods, services or any other value provided.

You have been identified as someone who may have a claim for amounts due from Chartered. If you do not have a claim, please ignore this form. If you do have a claim, you must fill out this form following the instructions on the back and return the form to the Rehabilitator no later than **Saturday, August 31, 2013**. **Please attach any supporting documentation, including any unpaid invoices, to the completed Proof of Claim form.** **Failure to return this form to the Rehabilitator by the claims deadline will affect your legal rights and may bar any claim by you.**

This claim form is to be used for all creditor claims against Chartered except medical provider claims*.

PLEASE PRINT OR TYPE THIS SECTION

1. Name: _____ 2. Daytime Phone Number with area code _____

3. Mailing address _____

street address	city	state	zip code
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4. Amount of Claim: \$ _____ 5. Social Security or Federal ID #: _____

6. Give a brief explanation of facts surrounding your claim (use additional pages if necessary)
- _____
- _____

7. Signature (This form **MUST BE SIGNED**)

X _____
individual claimant or corporate officer (include title)

*Medical providers should NOT use this form. Billings for medical services must be submitted as per prior instructions in notices to providers.

INSTRUCTION SHEET

Documentation sufficient to support your claim must be filed with this form. Failure to submit such documentation may result in your claim being denied.

Instructions for the front of this form:

- Item 1 Print or type your name.
- Item 2 Print or type your daytime telephone number, including area code.
- Item 3 Print or type your current mailing address (street address, city, state and zip code).
- Item 4 Print or type the total amount of your claim (if you are uncertain indicate by printing or typing the word: "unknown").
- Item 5 ENTER YOUR SOCIAL SECURITY NUMBER OR FEDERAL TAX ID NUMBER.
- Item 6 Print or type a brief explanation of this claim. All documentation supporting this claim must be attached to this form and submitted to the Rehabilitator for evaluation. If you have a claim for services or supplies provided to the company, you must indicate the time period for which services or supplies were provided and briefly identify the services or supplies for which you are claiming. If you have a secured claim, you must include copies of all evidence of your security interest and describe the property to which the security interest applies. Attach appropriate documentation and/or additional sheets to answer the above.
- Item 7 YOU MUST SIGN THIS FORM.

Once completed, retain a copy of this form for yourself and mail the original, along with a copy of your documentation to:

D.C. Chartered Health Plan, Inc. in Rehabilitation
c/o The Law Offices of Daniel L. Watkins
901 New Hampshire Street, Suite 200
Lawrence, KS 66044

Forms and supporting documentation must be postmarked on or before August 31, 2013.

If you have any questions, please contact Sharon Rose at sharonrose@danwatkinslaw.com or 785-843-0181.

CHANGE OF ADDRESS

IMPORTANT NOTE: If you move after submitting your claim form, you must provide us with your new address. Send change of address information to: The Law Offices of Daniel L. Watkins, 901 New Hampshire St., Suite 200, Lawrence, Kansas 66044. The receivership may require some time to conclude; therefore, you must keep us advised of your current address so we will be able to maintain contact with you over an extended period.

GENERAL INFORMATION

When your claim is evaluated, you will be notified as to the dollar amount allowed by the Rehabilitator. You will also be notified as to when and how you may object to the evaluation of the Rehabilitator.

After all claims are evaluated and approved by the Court, claims will be paid based on available funds and claim priority. More information regarding Chartered's rehabilitation is available online at <http://disb.dc.gov/page/dc-chartered-health-plan-inc-rehabilitation>.

EXHIBIT 6

PUBLICATION NOTICE

(Washington Post/DC Business Journal, Washington Law Reporter and Washington Times)

Claims Bar Date for D.C. Chartered Health Plan, Inc.

The Superior Court for the District of Columbia has set August 31, 2013 as the deadline to submit claims for payment of amounts claimed due from D.C. Chartered Health Plan, Inc. Medical providers must submit their claims electronically or by mail as they have in the past and as set out in notices to providers.

Creditors who are not medical providers must submit a proof of claim form setting out amounts claimed due from Chartered for goods, services or other value provided. Proof of claim forms are being mailed to known creditors and may also be requested from Chartered's Rehabilitator by email at sharonrose@sunflower.com or by mail to D.C. Chartered Health Plan, Inc., c/o The Law Offices of Daniel L. Watkins, 901 New Hampshire St., Suite 200, Lawrence, KS 66044.

Claims will be evaluated and determined by the Rehabilitator, submitted for approval by the Court and paid according to claim priority set by the Court and the availability of funds. Complete information regarding Chartered's rehabilitation is available online at <http://disb.dc.gov/page/dc-chartered-health-plan-inc-rehabilitation>.

EXHIBIT 7

CLAIMS PROCESSED BUT NOT PAID

By Provider Type as of June 27, 2013

	MEDICAID	ALLIANCE
Hospital	\$ 30,160,696	\$ 375,815
Contracted Services*	\$ 5,695,683	\$ 222,713
Group Practice	\$ 3,931,952	\$ 744,213
Medical Faculty Group	\$ 3,873,666	\$ 409,220
Ambulance Service**/Dialysis***	\$ 1,064,849	\$ 339,762
Individual Practitioner**/Durable Medical***	\$ 675,456	\$ 43,092
Other	\$ 816,982	\$ 80,429
	\$ 46,219,284	\$ 2,215,244

*Pharmacy Case Mgmt, Lab, Radiology, Behavior and Health, Dental, Eye

**Medicaid Only

***Alliance Only

CLAIM INVENTORY

	MEDICAID	ALLIANCE
As of June 27, 2013	3048	169

CLAIM APPEALS

	CLINICAL	ADMINISTRATIVE
As of June 27, 2013	0	9

EXHIBIT 8

APPROVED FOR PAYMENT SINCE MAY 30, 2013 STATUS CONFERENCE

Invoice #	Period Ending	Name	Fees	Expenses	Total
1024-001	APR13	4/30/13 Forensic Accountant	\$45,475.00	\$0.00	\$45,475.00
024-001	MAY13	5/31/13 Forensic Accountant	\$1,525.00	\$0.00	\$1,525.00
11881	5/31/13	Daniel L. Watkins	\$64,337.50	\$11,992.55	\$76,330.05
31024766	5/31/13	Faegre Baker Daniels	\$176,403.50	\$189.75	\$176,593.25
BE001176	5/31/13	Optimity	\$57,597.50	\$5,869.44	\$63,466.94
BE001176b	5/31/13	Optimity	\$10,000.00	\$0.00	\$10,000.00
BE001176c	5/31/13	Optimity	\$6,326.90	\$0.00	\$6,326.90
2408819	4/30/13	Reed Smith LLP	\$40,941.00	\$1,188.84	\$42,129.84
2408821	4/30/13	Reed Smith LLP	\$48,142.00	\$440.81	\$48,582.81
2408823	4/30/13	Reed Smith LLP	\$12,049.00	\$263.99	\$12,312.99
2423647	5/31/13	Reed Smith LLP	\$26,649.00	\$8.52	\$26,657.52
2423648	5/31/13	Reed Smith LLP	\$36,988.50	\$273.71	\$37,262.21
152340105432	3/31/13	Towers Watson	\$15,045.00	\$1,053.15	\$16,098.15
152340109788	4/30/13	Towers Watson	\$20,197.50	\$1,413.86	\$21,611.36
152340118470	5/31/13	Towers Watson	\$126,698.75	\$8,868.91	\$135,567.66
1502587	5/31/13	Troutman Sanders LLP	\$16,411.00	\$273.50	\$16,684.50
1380383	12/31/12	Venable LLP	\$15,765.00	\$3,007.88	\$18,772.88
10753	5/31/13	Zwerling \ Moseley, P.C.	\$17,915.00	\$0.00	\$17,915.00
					\$773,312.06

APPROVED BUT NOT PAID PRIOR TO MAY 30 STATUS CONFERENCE

Invoice #	Period Ending	Name	Fees	Expenses	Total
791410	8/31/12	Epstein Becker Green	\$125,667.50	\$0.00	\$125,667.50
798515	9/30/12	Epstein Becker Green	\$51,036.76	\$0.00	\$51,036.76
800526	10/31/12	Epstein Becker Green	\$51,841.50	\$0.00	\$51,841.50
31022898	4/30/13	Faegre Baker Daniels	\$344,926.00	\$2,178.58	\$347,104.58 **

** FBD April statement previously included in Fourth Status Report amounts and exhibits.